

Israeli Troops Will Not Halt Use of Deadly Force in Gaza

By Joanne Ormang Washington Post Staff Writer WASHINGTON — Israel will continue to use lethal force against Palestinian rioters even as Israeli leaders push for international peace negotiations, two Israeli cabinet members said Sunday.

In separate broadcast interviews, Defense Minister Yitzhak Rabin and Foreign Minister Shimon Peres said that the past two weeks of violence in Israeli-occupied territories have damaged peace efforts, but not beyond hope. "It's clear more than ever before that only a political, peaceful diplomatic settlement can provide the necessary answers," Mr. Peres said from Jerusalem on CBS-TV's "Face the Nation."

He said that the Israeli public is increasingly ready for negotiations even as it backs its troops. "The problem really for the time being," he said, "is not what will be the permanent settlement but what will be the first step."

Israeli troops have killed at least 21 protesters, wounded nearly 200 and arrested more than 1,000 since Dec. 9, when demonstrations began against Israel's occupation of the Gaza Strip and the West Bank of the Jordan River. The State Department last week urged Israel to maintain order "without the use of lethal force."

Meanwhile, in Jerusalem, diplomatic sources said that Washington has cautioned Israel against deporting large numbers of Palestinians allegedly involved in the violence. Mr. Rabin reportedly is considering the expulsion of 15 to 20 Palestinians from a list submitted by the military.

Mr. Rabin, who oversees the anti-riot strategy, said from Tel Aviv that the troops at first had used rubber bullets, fire hoses and tear gas. "But whenever our soldiers are in danger, their life is in danger, they are allowed to open fire with live ammunition," he said.

adding, "We'll try to reduce it to the minimum." Mr. Peres said he would describe the shooting as "an accident, not as a policy."

A State Department official said later that the position was "not unexpected," but that live ammunition is "not an answer to the problem either."

Samuel W. Lewis, a former U.S. ambassador to Israel, said on NBC-TV's "Meet the Press" that the State Department's criticism last week of the use of live ammunition "went right to the edge of being a mistake" because it evicted a nationalistic reaction.

The State Department official disagreed Sunday. "We felt strongly that Israel is not really looking at the long-run situation in using live ammunition," he said. "They have international responsibilities as an occupying power, yes, but they have to look at the potential for peace."

"What we have to drive home to the minds, the hearts, the people of the Arab countries, their leaders, the Palestinians, is that by wars, threats of wars and terror, public disorder in a violent way, they'll achieve nothing," Mr. Rabin said. He rejected any comparison of Israeli behavior with that of South Africa, on the grounds that Israel's occupation is a 2-3 majority in the occupied territories, while the Pretoria government represents a tiny minority of the black nation.

With about 30 U.S. Navy ships in the region operating alongside at least as many naval vessels from West European nations and the Soviet Union, the Gulf and its waters sometimes appear as clogged with warships as a pond with water lilies.

But officials from the nations involved, especially the Americans, look at their armadas and ask some troubling questions: Is there a way to perform the present limited escort operations with smaller forces? Conversely, how much larger would the forces have to be to make the waterway truly safe for shipping?

The questions are sure to be examined by the U.S. defense secretary, Frank C. Carlucci, when he visits the Gulf early next year.

tailed defense of conditions at military prisons in the West Bank. Trials have begun in five military courts for dozens of those detained.

Military officials said no final decision on deportations had been made. "The security forces will decide who to expel and at the moment we decide, we will do it," a senior army official said.

Israeli officials consider deportation their harshest weapon against Palestinian activists and contend that they use it sparingly. Since a tougher policy was initiated in 1985, the army says that 18 persons have been deported, while Palestinian groups put the figure at 44 because they count those expelled after a 1985 prisoner exchange.

Those expelled have a limited right to appeal, although Israel's high court has never reversed an expulsion order and the army often has evidence kept secret from the defense, citing security.

The United States has opposed deportations. Sources said that American diplomats had discussed the matter with Israeli officials and noted that international criticism of Israel, already high, would only increase if deportations were ordered.



Afghan Refugees in Pakistan Remember an Anniversary

Afghan refugees in Karachi, Pakistan, chanted anti-Soviet slogans Sunday and prepared to hang an effigy of the Soviet leader, Mikhail S. Gorbachev, during a rally on the eighth anniversary of Moscow's intervention in the Afghan war. Protests were held in three nations, and the Afghan rebels and government both claimed victory in a battle at Khost. Page 2.

U.S. Navy Is Still Seeking Right Formula in the Gulf

By John H. Cushman Jr. New York Times Service

MANAMA, Bahrain — Five months after the United States began to expand its military operations in the Gulf, the U.S. Navy is continuing to grope for the formula that will let it escort ships through the war zone with maximum safety and minimum force.

With about 30 U.S. Navy ships in the region operating alongside at least as many naval vessels from West European nations and the Soviet Union, the Gulf and its waters sometimes appear as clogged with warships as a pond with water lilies.

But officials from the nations involved, especially the Americans, look at their armadas and ask some troubling questions: Is there a way to perform the present limited escort operations with smaller forces? Conversely, how much larger would the forces have to be to make the waterway truly safe for shipping?

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Virtually every military officer, politician, diplomat and government official interviewed during a three-week visit to the region, which included time aboard six U.S. warships, said that the international involvement in the shipping war between Iran and Iraq had provided some protection to merchant ships.

Yet, the minesweepers, frigates, destroyers, cruisers, carriers and battleships of the U.S. force, which includes 20,000 sailors and marines, cannot be said to have imposed a meaningful peace on the Gulf.

On Tuesday, Iraq carried out a dramatic fighter strike, flying to the southernmost part of the Gulf to attack Larak Island, an important Iranian oil terminal, and damaging several tankers there. Within a day, Iraq struck at an unescorted oil tanker near the Strait of Hormuz.

The pattern is almost monotonous, with an attack nearly every day for several weeks. The situation might be even worse if international forces, especially the Americans, were not operating in the area.

A Bahraini government minister, summing up the situation facing U.S. forces in the region, used terms that reflected the views of the Reagan administration. "The Americans must walk a fine line between deterring attacks and escalating the war," he said. "The navy is doing this very well."

But American, European and Arab officials expressed concern about the months ahead. Iran is building up forces for a land offensive. Iraq's air campaign is designed to help thwart such an offensive by undercutting Iran's economic strength.

Iran responds to attacks on its shipping by striking at vessels doing business with Kuwait and Saudi Arabia, Iraq's financial backers.

The officials fear growing fighting could spill over to affect the Americans and their allies, especially if U.S. forces stretch their lines of engagement to rescue crews of tankers not flying the American flag or to aid allied navy ships. One constraint on broadening their role is that they could end up

defending ships against Iraqi as well as Iranian attacks, or tilting explicitly toward Iraq.

On Thursday, a helicopter from the U.S. ship Elrod "encountered fire" from Iranian forces as it flew near a Panamanian-flagged ship that had reported by radio that Iranian speedboats were in the area, the Pentagon said. Neither the ship nor the helicopter was damaged, but the episode showed both how U.S. forces might be drawn into hostilities when no American-registered ships are in danger and how the U.S. presence helps deter attacks.

There have been repeated rumors, denied by the Pentagon in recent weeks, that American forces in the Gulf are sticking close enough to foreign merchant ships to provide unofficial escort.

Since July, the Kuwaiti oil tankers that registered as American ships to gain U.S. Navy protection have made 22 voyages up or down the Gulf. The only failures of the "protective arrangement" since July 1987, when the supertanker Bridgeton hit a mine in the first convoy, and in October, when another

Fahd Says Iran Sows Discord

Tehran Reveals It Is Producing Chemical Arms

By Alan Cowell New York Times Service

CAIRO — Saudi Arabia accused Iran on Sunday of seeking to export and impose alien ideologies on fellow Muslim nations in the Arab world to the detriment of the Arab campaign against Israel.

The accusation, made by King Fahd and reported by the official Saudi Press Agency, coincided with the unveiling of a new budget in Tehran that suggested no indication of willingness to lessen hostilities in the Gulf War with Iraq.

"The government is committed to allocate its full potential to the war effort," Prime Minister Mir Hussein Mousavi of Iran told the Majlis, or parliament, according to the official Iranian news agency. The Iranian official was said to have described an array of weaponry, including chemical weapons, produced in Iran. He also said that Tehran had begun shipping domestically produced ballistic missiles to the war front with Iraq.

His remarks stirred speculation that Iran is planning a renewed push to break the stalemate of the past few months following its last major offensive almost a year ago.

Iran's posture has stirred alarm among many Arab countries, particularly the moderate sheikhdoms and kingdoms that face Tehran's revolutionary Shiite Muslim government across the Gulf. The mounting worry has produced a wide consensus of opposition to Iran that was reflected in the Arab League meeting in November in Amman, Jordan.

The consensus effectively permitted Egypt, which previously was ostracized because of its 1979 peace accord with Israel, to re-enter the Arab fold as a demographic and military counterweight to Iran.

King Fahd, the Saudi monarch, sounded his warning about Iran's intentions at a summit meeting in Riyadh of moderate Gulf states grouped in the Gulf Cooperation Council. The council also included Bahrain, Kuwait, Oman, Qatar and the United Arab Emirates.

"We now face another danger from our brothers in faith, who aim their arrows at our chests instead of helping us to liberate holy Jerusalem and Arab Islamic land in Palestine controlled by Zionist colonialism," the Saudi owa's agency quoted the monarch as saying.

The Iranian war effort was designed "to expand and control and export ideas strange to our Arab Islamic society," he said, apparently referring to the form of Islamic ideology practiced in Iran.

The Iranian ideology is perceived as a threat by the Sunni Islamic Arab leaders of the Gulf. See IRAN, Page 6

Kiosk Hungary Eases Rules on Travel

BUDAPEST (Reuters) — Hungary announced more liberal travel regulations on Sunday and an amnesty for Hungarians holding hard currency illegally, the news agency MTI reported.

From Friday, Hungarian passports will be valid for five years, for all countries of the world, and for repeated trips of up to 90 days, extendable when appropriate.

Until now, Hungarians had to apply for an exit visa each time they wanted to travel to the West. In addition, Hungarians currently holding convertible currency may bank it without fear of prosecution if they are willing to exchange one-quarter of it for forints.

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Palestinians awaiting the verdicts Sunday in trials for youths arrested by Israelis.

Strauss's Soviet Visit Points to Thaw

By Serge Schmemmann New York Times Service

BONN — The visit of Franz Josef Strauss, the conservative leader of Bavaria, to Moscow this week and the announcement that the Soviet foreign minister will come to Bonn next month appear to herald a Soviet diplomatic initiative toward West Germany.

Many diplomats and politicians in Bonn believe that the moves could bring a state visit next year

by Mikhail S. Gorbachev, the Soviet leader, reviving a relationship soured by the politics of arms control and stymied by a diplomatic blunder by Chancellor Helmut Kohl.

Mr. Strauss, who has combined tough anti-Communist rhetoric with active wooing of East-bloc regimes, leaves Monday on a three-day visit to Moscow. West German newspapers close to his Christian Social Union said he probably will

meet with Mr. Gorbachev on Tuesday.

Mr. Strauss, 72, is expected to pilot his own twin-engine Cessna to Moscow, inevitably raising comparisons with the unauthorized flight May 28 into Red Square of a countryman, Matthias Rust, Mr. Rust, 19, is in a Soviet penal camp.

The invitation to Mr. Strauss, which came formally from the State Committee on Foreign Economic Relations, is a sign of a thaw

Civil War Tightens Grip on Angola

Destruction Leaves an Archipelago of Urban Strongholds

By James Brooke New York Times Service

LUANDA, Angola — The Angolan civil war, 12 years old and with no end in sight, continues to stunt the growth of this potentially rich land.

The war, which has lasted nearly as long as the fight for independence from Portugal, has reduced government-controlled Angola to an archipelago of urban islands strung over a nation twice the size of France.

Roads and most of the countryside are no longer safe from mines or ambushes by guerrilla units of the Union for the Total Independence of Angola, or UNITA. The group, which opposes a government backed by the Soviet Union and Cuba, is armed by South Africa and the United States.

Of 4,400 miles (7,100 kilometers) of paved roads inherited from the Portuguese, about 400 can be traveled without armed escort, and workers said.

In September, UNITA guerrillas kidnapped three Swedish aid workers, killing one, about 30 miles from Luanda, the capital. Since then, many European embassies warn their citizens not to go farther than 25 miles from Luanda.

One of the few remaining development projects in the interior, Brazilian and Soviet engineers are building Kapanda Dam about 200 miles east of the capital. Planes ferry workers in and out. The site is protected by 3,000 Angolan Army soldiers in trenches.

The loss of roads is reflected in air travel statistics. Since 1973, the number of domestic air passengers has quadrupled and the amount of air cargo has increased eightfold.

This month, the government inaugurated a ferry to carry passengers and cargo between Angola's ports, bypassing a dangerous coastal road.

Satellite links maintain telephone service between the capital and six cities. Guerrillas cut the land lines to other cities long ago.

In October, a cargo plane of the International Committee of the Red Cross crashed near Huambo, killing eight persons aboard. Because of that, Red Cross officials suspended a feeding program for 100,000 people. They say they are unsure if they will resume it.

A Swiss investigating team has yet to announce the cause of the crash. UNITA guerrilla bands roam outside Huambo. In the last year, the guerrillas received shoulder-held anti-aircraft rockets.

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Returning Students Adrift in China

By Edward A. Gargan New York Times Service

BEIJING — Li Xiaoyan remembers the day he began working for his master's degree in business administration from a U.S. university.

"Everyone said we would be the central pillar of Chinese talent," Mr. Li said. "We thought we had a great future. So did our American professors. It didn't work out that way."

Now he is beginning to regret what he calls "drinking foreign ink" — the two years he spent earning his master's degree in business administration, first at a school in the northeast city of Dalian run by the State University at Buffalo, and then for a final semester at the university's U.S. campus. A year ago Mr. Li and 37 fellow

business graduates returned from the United States, confident that they were bringing with them the training needed to contribute to China's ambitious effort to rejuvenate its economy.

Today, nearly all of them have yet to find jobs where they can use their skills. Some work as translators. Others sit behind laden desks in overstaffed offices with nothing to do. Some are unemployed.

Their plight represents a growing problem for China — an inability to absorb efficiently people highly trained in Western management and technological specialties. Biologists and economists, chemical engineers and physicists, all with foreign degrees, are relegated to jobs that have little, if any, relation to their education. "We are a country with a severe

shortage of qualified personnel," said the China Youth News, the official newspaper of the Communist Youth League, in acknowledging the problem. "Yet, in many places, a large amount of talent is kept idle and wasted."

Not only human resources are being squandered. In China's modernization drive, tens of millions of dollars worth of advanced technology — assembly lines, computers, research equipment — is ill used or standing idle.

In Shenyang, a populous city in the northeast, the main hospital has two CAT scan machines. But according to recent visitors to the hospital, none of the doctors or staff members know how to use the machines.

But it is the continuing failure of See CHINA, Page 6



As Russians prepare for traditional New Year's Day celebrations, a young customer eyes tree ornaments at a department store in Moscow called Children's World (Detsky Mir).

JPY 10150

# For a Ugandan Priestess, a Bloody Crusade Nears Its End

By Sheila Rule  
New York Times Service

**NAIRDBI** — The words of a self-styled priestess in Uganda appeared to represent a balm to people squeezed by poverty, tribalism and bloodstained political violence. "I am poor and needy," Alice Lakwena told peasants, associating herself with their miseries. "I am hurt to the depths of my heart. Like an evening shadow, I allow about to vanish. I am blown away like an insect. My knees are weak from lack of food."

"Make my enemies know that you are the one who saves me," the 27-year-old woman beseeched God. "They may kill me but you will bless me. May my persecutors be defeated."

Over the last year, Miss Lakwena led many hundreds of barefoot followers, armed with stones, sticks and supposedly magical oils, to their deaths in a rebel war.

Their foe was the well-armed National Resistance Army, led by the head of state, Yoweri Museveni, who took power after a military victory in January 1986.

Miss Lakwena's movement, which she reportedly viewed as a religious crusade to rid Uganda and the rest of the world of evil, is now virtually destroyed.

Witnesses say the rebel leader is wounded and, with a rosary around her neck, is being pushed through the brush on a bicycle by a handful of loyal followers.

She is said to be about 140 miles (225 kilometers) northeast of Kampala, the capital, which she once vowed to capture before taking her mission to South Africa and Sudan.

Up to 6,000 peasants, soldiers from previous governments and other disaffected Ugandans journeyed hundreds of miles with Miss Lakwena, whose name means messiah in her Acholi tribal language.

Accounts by captured rebels and the journals they kept, which the Ugandan government made available to reporters, revealed how her movement, the Holy Spirit Movement, mobilized hopes.

The entries, written by scribes ordered to record Miss Lakwena's sayings, military commands and magic potions, also offered insights into the realities of a nation shaken for years by gross misgovernment, brutal violations of human rights and endemic tribal, ethnic and political conflicts.

Miss Lakwena was born Alice Auma in the northern district of Gulu, the daughter of an Anglican catechist. She converted to Roman Catholicism and became a self-described herbalist and traditional healer.

Followers said she was possessed by several spirits, including those of an Arab, a North Korean and one called a "wrong element," a demon so fierce that it would lead Miss Lakwena to order the execution of anyone who coughed while she was talking.

But the dominant supernatural force was "Lakwena," through which the priestess was believed to receive messages from God. Diaries said the spirit was that of a former Italian Army officer who drowned at 95 and was a "God-fearing and disciplined person."

Such professed powers had great appeal among many of Uganda's deeply religious and superstitious peasants.

Miss Lakwena said that "His Holiness Lakwena" told her that Uganda had to be rid of "bad people," including those among her own forces. Some former rebels told reporters that they were fighting not against Mr. Museveni but for God.

"We were fighting for judgment," said Mosco Opira, 23, after his capture. "The judgment is on both sides. When people died after battle, Lakwena would say it was their fault. Whoever dies is a sinner."

Miss Lakwena quickly gathered followers, forcing some to join under threat of death, government officials and captured rebels said. Spurred by her mixture of Christianity, traditional African beliefs and promise of peace, bare-chested rebels ran into battle singing hymns and clapping.

Their bodies were smeared with what they were told was magical oil that would make enemy bullets kill those who fired them. They threw stones that they believed would explode like grenades.

In and out of battle, the Holy Spirit followers were to abide by strict codes of conduct. They were to "listen to Lakwena only." They were not to smoke, drink, have sex, steal or take cover while fighting. They were never to eat with any non-Christian and were not to kill snakes, which were viewed as important when Judgment Day came.

The priestess, sometimes called "Mommy" by her followers, also appealed to deeply rooted tribalism.



Alice Lakwena, center, with followers at a camp east of the Ugandan city of Jinja. The photo was taken in October, before she reportedly was hurt in a clash with Ugandan troops.

Most of her followers were northern Acholis, who dominated the army before Mr. Museveni's predominantly southern forces seized Kampala.

Haunted by Uganda's violent history, peasants believed that Mr. Museveni would move to massacre the Northerners. Rights groups and others have accused government soldiers of violating human rights in the North.

With the loss of control over the army, the Acholis lost the remnants that soldiers sent home to support the region's economy. At the same time, cattle raiders from the East carried out violent attacks on the peasants, many of whom believed the raids were supported by the government.

For these people with few options, hope was found in a woman who promised them salvation.

## WORLD BRIEFS

### Spain Says France Holds ETA Leader

**MADRID (Reuters)** — The French police have detained the new military chief of the Basque separatist organization ETA, Spanish Interior Ministry sources said Sunday.

The sources said that Ignacio Pujana Alberdi, 26, who was arrested Wednesday in Angoulême, had ordered the attack that killed 11 persons including five children, in the family quarters of Zaragoza's Civil Guard barracks this month.

He had taken over as the head of the commandos of ETA from Santiago (Potos) Arrospide, who was arrested in October in southwest France, they said. In Paris, the Interior Ministry declined to confirm that Mr. Alberdi was the leader of ETA. A ministry source said Mr. Alberdi and another Spaniard arrested with him, Roberto Martinez, were charged on Saturday with carrying weapons illegally. Mr. Alberdi was also charged with attempted manslaughter.

### Tutu Urges Calm as 13 Die in Natal

**JOHANNESBURG (WP)** — Despite an impassioned appeal by Archbishop Desmond M. Tutu for calm, eight more persons were reported killed Sunday in factional fighting in black townships in Natal Province.

The deaths raised the tally of South African blacks killed over the Christmas weekend in interethnic clashes to 13. In his first statement on the fighting since trying to mediate between factions on Dec. 6, Archbishop Tutu denounced the "bloody spiral of unending revenge killings" and called for an "immediate cease-fire." He also accused leaders of the conservative Inkatha movement of Zululand and the militant United Democratic Front of "verbal political attacks" that fueled the fighting.

It was one of the most violent weekends ever in Natal, where street warfare between rival groups has resulted in the deaths of more than 200 persons in the last two months alone. Most of the clashes have occurred in townships around the provincial capital of Pietermaritzburg.

### Fast Ends for Polish Draft Resisters

**WARSAW (Reuters)** — Fourteen members of the Polish dissent group Freedom and Peace ended a two-week fast on Sunday after failing to win the release of jailed draft resisters, their spokesman said.

A doctor who examined the 12 men and two women, all in their 20s and 30s, said that each had lost from 20 to 25 pounds (9 to 12 kilograms) after drinking only mineral water for two weeks but that none was ill, the spokesman said.

The police in the Baltic port of Gdansk arrested a ninth Freedom and Peace member on Friday for resisting the draft, and four members have already been sentenced to two to three years in jail. Two years' military service is obligatory in Poland. Alternative civic service can be granted only on health grounds.

### Seoul Faces Decision on U.S. Goods

**SEOUL (AP)** — South Korea will decide this week whether to meet the U.S. demand that it open its markets further to certain U.S. products or risk U.S. sanctions, officials said Sunday.

"Economic Planning Minister Chung In Yong will call another meeting of concerned ministers this week to work out a final government strategy," an aide to Mr. Chung said.

After three days of trade talks last week in Washington failed to reach agreement, the United States threatened to put high tariffs on some South Korean imports unless markets open up more by the end of the year to U.S. beef, cigarettes and insurance firms.

## TRAVEL UPDATE

### U.S. Airlines to Limit Carry-On Bags

**WASHINGTON (AP)** — Beginning Friday, the major airlines in the United States, under a new safety requirement of the Federal Aviation Administration, will impose stricter limits on the amount and size of luggage and other items that accompany passengers on an airliner.

While leaving the airlines leeway to determine how many bags may be brought aboard by passengers and how large they may be, the agency has ordered that no item may be taken on board if it cannot be stowed beneath a seat or overhead bin, or hung in a cabin closet. The agency has also suggested that generally no more than two bags should be allowed into the aircraft cabin, although the number could be increased depending on how full the plane is.

The agency suggests general size limitations of 9 by 14 by 22 inches (about 23 by 36 by 56 centimeters) for under-the-seat storage, 10 by 14 by 36 inches for overhead bins, and 4 by 23 by 45 inches for cabin closets. The two-bag limit does not include such additional items as a pocketbook or purse, overcoat, umbrella, camera, an infant bag, or a child safety seat.

More than 2,000 Portuguese tourist guides and interpreters held a 24-hour strike on Sunday to protest against what they say is the illegal employment of unqualified foreign guides by tour operators. (AP)

### This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

- MONDAY:** Australia, Britain, Canada, Cayman Islands, Cook Islands, Ireland, Gibraltar, Luxembourg, Montserrat, New Zealand, Nigeria, Papua New Guinea, Sri Lanka, Vietnam.
  - TUESDAY:** Britain, Ireland, Japan, Madagascar, Nepal, Sri Lanka.
  - WEDNESDAY:** Colombia, El Salvador, Japan, Madagascar, Philippines.
  - THURSDAY:** Andorra, Argentina, Bangladesh, Benin, Belgium, Brazil, Britain, Canada, Chile, Colombia, Congo, Czechoslovakia, Denmark, Ecuador, El Salvador, Finland, France, French Guiana, French West Indies, Honduras, Iceland, India, Italy, Ivory Coast, Liechtenstein, Luxembourg, Madagascar, Mexico, Monaco, Netherlands, Netherlands Antilles, New Caledonia, Nicaragua, Norway, Oman, Pakistan, Paraguay, Peru, Philippines, Qatar, St. Kitts-Nevis, St. Pierre, St. Martin, St. Lucia, South Korea, Sweden, Switzerland, Tahiti, Thailand, United States, Vatican City, West Germany.
  - FRIDAY:** all Libya, except Afghanistan, Bangladesh, Bhutan, Brunei, Egypt, Ethiopia, Iraq, Liberia, Malaysia, Oman, Pakistan, Qatar, Saudi Arabia, Sri Lanka, Yemen.
  - SATURDAY:** Bahrain, Botswana, Haiti, Japan, Mauritius, Mongolia, Romania, Seychelles, South Korea, Switzerland, Taiwan, Western Samoa, Yugoslavia.
  - SUNDAY:** Burkina Faso, South Korea, Sri Lanka.
- Source: Morgan Guaranty Trust Co. Reuters.



A DISTURBANCE IN SEOUL — A demonstrator hurling a gasoline bomb Sunday at a riot police bus during a demonstration against the victory by the government party's presidential candidate in recent elections. Policemen broke up the protest with tear gas.

## In First, Nude Painting and Abstract Win Awards at a Chinese Exhibition

By Daniel Southerland  
Washington Post Service

**SHANGHAI** — For the first time in China, judges at a national art exhibition have awarded a prize to a nude painting.

An abstract painting also won one of the 15 prizes at the exhibition, which opened here last week.

Nude and abstract paintings have caused controversy in China for decades.

Only in recent years could Chinese artists openly exhibit paintings of nudes.

As recently as last year, officials sometimes barred nudes from exhibitions or removed them from the walls.

The nude painting that won the award, titled "The Earth," depicts a woman and a man lying parallel on cloth pallets. The woman is facing upward and the man downward. The painting conveys a tranquil, ethereal quality.

"Although 'The Earth' is not perfect in its proportion and composition, it gives us a sense of purity with a simple, implicit style," Ge Weimo, an exhibition judge and member of the secretariat of the Chinese Artists Association, told the official China Daily newspaper.

The award seems to reflect a more relaxed atmosphere following a Communist Party congress in late October. The congress led to the retirement of two leading party ideologists who favored strict controls over art and literature.

But it is unclear how far this apparent relaxation will go.

Only a few weeks before the party congress, police prevented a Beijing painter from exhibiting his work in a city street.

A well-known young artist who paints nudes and sometimes works in a surrealist style has been refused permission to travel abroad.

When Liu Jixian, 27, a self-taught artist who goes by the name A. Xian, mounted an exhibition of his works here last year, he included several paintings showing voluptuous female nudes moving in a dreamlike manner through the old Imperial Palace.

He was visited by two men, apparently police, who told him that "the masses have some complaints about these paintings."

The artist was advised to move the paintings to a small room adjoining the main exhibition, where he could show the nudes to those who asked to see them and "those who can understand them."

The 440 oil paintings shown last week at the Shanghai exhibition center drew large crowds, with young people in the majority. Only a few nudes and abstract paintings were included. Most of the works on display were in realistic styles.

The China Daily found it remarkable that most of the paintings had no moral or political messages.

## Singapore Limits Far Eastern Review

**SINGAPORE** — The government has cut the weekly circulation in Singapore of the Far Eastern Economic Review by about 90 percent as punishment for the magazine's alleged involvement in the island republic's domestic politics.

A statement issued by the Communications and Information Ministry charged on Saturday that the Hong Kong-based magazine "attempted to pit the Catholic Church against the prime minister and the government, and sow suspicion among Catholics in Singapore against them."

The statement said that from Dec. 29, the circulation of the Review in Singapore would be limited to 500 copies weekly, down from about 10,000 copies. The Audit Bureau of Circulation in London estimated that the Review's circulation in Singapore, as of June 30, was 9,346.

It was the fourth publication to have its circulation cut by the Singapore government in the past 17 months. The magazines Time and Asiaweek, and the newspaper Asian Wall Street Journal all had their circulation limited. Only Time's has been restored.

Singapore's Parliament passed a law in August 1986 giving the government power to restrict sales of foreign journals that were deemed to be interfering in local politics.

The controversy between the Review and the Singapore government centers on a Dec. 17 article on Edgar D'Souza, a Roman Catholic priest who resigned the priesthood last week.

The government linked Mr. D'Souza, 39, to an alleged Marxist plot to overthrow it, and accused him of having an affair with a woman. Mr. D'Souza left Singapore last June for Australia.

The statement said the article was based on a distorted account by Mr. D'Souza of a meeting on June 2 between Prime Minister Lee Kuan Yew and Archbishop Gregory Yong. The meeting followed the arrest of 16 alleged Marxists, including 10 church workers.

## Tribeswoman Conquers Skeptics In Manila but Finds City a Pain

By Seth Mydans  
New York Times Service

**MANILA** — Dula, the first member of the primitive Tasaday tribe known to have visited a big city, has spent much of her time in the Philippine capital sitting on her head waiting to go home again, her belongings packed and ready.

"People are so different here. I cannot understand them," she said in an interview before her departure for home.

"It's very nice here, but it's better in our place," she said. "It's quieter."

Dula is a member of an isolated group of cave dwellers discovered by anthropologists in 1971. A slight and graceful woman of about 40, she spoke quietly, almost inaudibly. Her remarks were translated from the Tasaday dialect to the tribal tongue of T'boli to English, through two translators.

In a dispute that has involved political, business and academic rivalries, she had come to Manila to prove that she was a genuine Tasaday tribeswoman.

At a congressional hearing during her weeklong visit, she said she had been coerced into stating at an earlier hearing near her home on southern Mindanao island that she was not a true Tasaday.

After her testimony in Manila, and the statements of several anthropologists and other experts, the skeptics appeared to be in retreat.

Dula said that her visit had been disorienting. Asked to describe her reaction to the city, she said, "I do not feel very happy inside myself. It is very painful in the head. It is very painful in the heart."

When the 26 original Tasadays were discovered deep in the rain forest of Mindanao, scholars described them as a group of food gatherers who used stone tools, dressed in leaves and had no agriculture.

The Tasadays, they said, had no weapons, and their language, a distinct dialect related to other tribal tongues, appeared to have no words for enemy, war or anger.

They also had no word for the ocean. Only 50 miles (80 kilometers) away. And they apparently believed that they and neighboring groups in the forest were the only people on Earth.

Dula, barefoot, was dressed in layers of bright clothing with strings of colored beads around her throat, bangles in her ears, metal bracelets on her arms and a plastic comb in her hair.

She had blackened her teeth, and her lips were daubed with lipstick. Her finery comes from the more advanced T'boli tribe, with whom the Tasadays have intermarried since the outside world intruded.

Four were treated in the hospital and five others returned to their ships, the destroyer Bery and the frigate Thorn, which are on a Christmas call at Spain's highest port.

Two Catalan separatist organizations, Terra Lliure (Free Land) and the little-known Catalan Red Liberation Army, telephoned news media to claim responsibility for the attack.

ERCA, which has said it bombed the U.S. consulate and offices of U.S. companies Hewlett-Packard and General Electric in Barcelona earlier this year, later asked Terra Lliure to withdraw its claim for the attack.

Police said they had no evidence that the claims were authentic. The U.S. Embassy said there was no clear indication of who was responsible.

Police investigated a report that a man, described as an Arab or a person of mixed-race, ran off after the attack.

They said two grenades hurled into the bar were Italian or American-made but provided no clue.

Residents said anti-American slogans were daubed recently on walls near the bar.

Local officials would not rule out a link between the attack and dead-end talks on reducing the U.S. military presence in Spain.

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# Moscow Gives Data On Chemical Arms

Compiled by Our Staff From Dispatches  
**MOSCOW** — The Soviet Union has disclosed for the first time that it has about 50,000 tons of chemical weapons in its arsenal, and has accused the United States of disrespect for countries trying to negotiate a ban on the weapons.

In a statement issued Saturday through Tass news agency, the Foreign Ministry said that its stockpile is about equal to the chemical arsenal of the United States. But it said that Western estimates of 150,000 to 700,000 tons were "absolutely fantastic."

For years, the Kremlin denied that Soviet armed forces had any chemical weapons. More recently, it has admitted to holding toxic weapons but declined to disclose figures.

The lengthy statement criticized the American decision to begin production of binary chemical weapons in mid-December.

The Soviet leader, Mikhail S. Gorbachev, and President Ronald Reagan agreed at their Washington summit meeting early this month to negotiate a "verifiable, comprehensive and effective international convention on the prohibition and

destruction of chemical weapons." But just a week later, U.S. production of the binary weapons began. The United States contends that it stopped making toxic weapons in 1969 but was forced to launch the binary program because Moscow had accumulated huge stocks in the years since then.

The Foreign Ministry called work on binary weapons "militarist in its nature" and an "unprovoked" step toward a chemical weapons race.

It accused the United States of impeding the Geneva chemical weapons talks because of its desire to begin producing the weapons.

The ministry said that to end the "deception" of the West's claims, it was "authorized to state that the stock of chemical weapons in the U.S.S.R. does not exceed 50,000 tons in terms of poisoning substances."

It added, "According to Soviet expert estimates, this corresponds to the chemical weapon stocks of the United States. Moreover, all Soviet chemical weapons are located on Soviet territory."

The production of chemical weapons by the United States "is nothing short of an attempt to torpedo the process of chemical disarmament" and represents "a manifestation of disrespect" for the countries seeking a ban on such weapons, the ministry said.

The Geneva talks moved closer to a global ban on toxic weapons when Moscow dropped objections this year to on-site inspection to verify compliance with an accord.

Soviet and American experts have since visited sites in each other's countries to see how chemical weapons would be destroyed in the event of an agreement.

In another development Sunday, the Soviet Union conducted an underground nuclear test explosion for military purposes, Tass said.

The test, which Tass said was "to perfect military technology," was the third by Moscow since the superpower summit meeting and the fourth since the Soviet Union ended a unilateral moratorium on nuclear tests in February. (AP, Reuters)



**ARKANSAS TRAVELER** — As floodwaters caused by heavy rains rose along the Mississippi River, Charles Hodges (left, in boat) was evacuated Saturday from his home in West Memphis, Arkansas. Governor Bill Clinton issued a state disaster declaration and has asked President Reagan for a similar declaration from Washington.

# India Said to Get More Mirage Jets

The Associated Press  
**NEW DELHI** — India has received nine more Mirage 2000 jet fighters from France, bringing its Mirage fleet to 49, the United News of India said Sunday.

But it quoted unidentified official sources as saying that India has rejected a French offer to produce about 150 Mirages under license in India in favor of acquiring more Soviet MiG-29 fighter planes. The Indian Air Force, which relies heavily on Soviet combat aircraft, has 44 MiG-29s and 400 of the less sophisticated MiG-21s, MiG-23s and MiG-27s.

The new Mirages are fitted with two French-built Super Mistra Magic 530-D air-to-air missiles and two Mistra 550 missiles.

# Paraguay Gives Refuge To a Croatian Convict

By Alan Riding  
*New York Times Staff Writer*  
**ASUNCION, Paraguay** — In a country with a record for providing refuge to fugitive Nazis, ousted dictators and prominent drug traffickers, the arrival of a former Croatian terrorist here this month caused only a minor stir.

To some foreign diplomats, the case of Miro Baresic is fundamentally different from other cases involving infamous residents of Paraguay, among them Josef Mengele, the Nazi murderer who lived here in the 1950s, General Anastasio Somoza, the ousted Nicaraguan dictator who was himself killed here in 1980, and Joseph Augustin Rocard, the heroin kingpin who died here in 1985.

In these cases, the Paraguayan dictatorship provided a safe haven for men fleeing from their past. But in the Baresic case, according to diplomats, Paraguayan officials have been shown to have collaborated with a Croatian anti-Communist terrorist group known as Ustasha, which means insurgent in Croatian.

The movement is dedicated to liberating Croatia — one of Yugoslavia's republics — from Communist control.

It includes among its tactics the assassination of Yugoslav diplomats and attacks on Yugoslav diplomatic missions abroad.

Mr. Baresic first gained renown in 1974 when he and five other Croatians were convicted of killing the Yugoslavian ambassador to Stockholm, Vladimir Rolovic.

The next year, Ustasha militants hijacked an SAS airliner and obtained the freedom of their colleagues, who were freed in Spain.

In Madrid, the Croatians made contact with the Paraguayan ambassador, Rodolfo Elpidio Acevedo, who had since been promoted to deputy foreign minister, and were given papers to travel to Asuncion. Here the authorities provided them with Paraguayan passports under false names.

For several years, Mr. Baresic, now in his late 30s, taught martial arts at Paraguay's main military college. He was given the rank of captain in the Paraguayan Army.

Ustasha terrorists also established an operating base here, and in 1976 they mistakenly killed the Uruguayan ambassador to Asuncion, Carlos Abdala, when they were planning to kill a visiting Yugoslav official. A Croat was subsequently imprisoned.

In 1977, Mr. Baresic appeared in Washington working as a driver and bodyguard to Ambassador Mario Lopez Escobar, under the name of Tony Pavik. U.S. officials discovered his true identity following a traffic incident in which he claimed diplomatic immunity.

Mr. Baresic returned to Asuncion and was later deported to Sweden to complete his prison term there.

Although Mr. Baresic was condemned to life in prison, his sentence was reduced to 18 years in 1985. This month, having served half of his term, he became eligible for release once Paraguay agreed to receive him. On Dec. 10, a Swedish Air Force transport plane delivered Mr. Baresic, his wife, Slavica, and their two children in Asuncion.

# Robertson Reprise: On God and Governing

By Wayne King  
*New York Times Staff Writer*  
**NEW YORK** — Pat Robertson, the Republican presidential candidate who resigned his ministry to ally concern that he would impose religion on government if elected, said emphatically when he was a minister that he believed only devout Christians and Jews were qualified to govern.

A review of his writings and commentary on "The 700 Club," the religious television program he has hosted for two decades, also shows that Mr. Robertson maintained that government is subservient to the will of God and that democracy is "next best" to "government controlled by God."

As a political candidate, he has increasingly distanced himself from such statements, and in some instances denied making them.

The Robertson campaign strategy is to portray him not as a televangelist, which he denies he ever was, but as a "Christian broadcaster" who espouses conservative values.

But over the past two decades, Mr. Robertson has made numerous religious pronouncements on television and in four books.

In a "700 Club" broadcast on Jan. 11, 1985, he discussed whether Christians should participate in government.

He said, "Individual Christians are the only ones really — and Jewish people, those who trust the God of Abraham, Isaac and Jacob — are the only ones that are qualified to have the reign because, hopefully, they will be governed by God and submitted to him."

A co-host, Ben Kinchlow, interjected, "Obviously you're not saying that there are no other people qualified to be in government or whatever if they aren't Christians or Jews."

Mr. Robertson said: "Yeah, I'm saying that. I just said it."

"I think anybody whose mind and heart is not controlled by God Almighty is not qualified in the ultimate sense to be the judge of someone else," he went on. "No one is fit to govern other people unless, first of all, something governs him. And there is only one governor I know of that is suitable to be judge of all the universe, that's God Almighty. Yes, I did say that. You can quote me. I believe it."

In an interview in Time magazine in September, Mr. Robertson said that he had "never said that in my life."

"I never said only Christians and Jews," he added. "I never said that."

Mr. Robertson now concedes that he did make that comment, but he said in a telephone interview that he did so when he was a minister, not in his present capacity as a candidate for president.

Asked why he had denied making the remark, he said: "I didn't remember it. I didn't remember saying it that way."

In another comment that he later denied making, Mr. Robertson contended in July 1986 that Christians feel more strongly about their country than others do. He had been asked whether Christians felt more strongly about some issues than other people did, and he replied, "I think patriotism, love of God, love of country, support of traditional family. They believe it would be good for our country if families were closer together."

He added, "I think they feel about them more strongly than others do."

In a 1984 book, "Answers to 200 of Life's Most Probing Questions," Mr. Robertson began a discussion of the question, "What is the purpose of government?" with the statement, "Government was instituted by God to bring His law to people and to carry out His will and purposes."

He also wrote: "Perfect government comes from God and is controlled by God. Short of that, the next best government is a limited democracy in which the people acknowledge rights given by God but voluntarily grant government limited power to do those things the people cannot do individually."

Some of these views are not far from the mainstream of Christian belief, though the fact that a man who is now a candidate for the presidency has professed them is seen by some organizations and individuals as a threat to separation of church and state.

A former producer of "The 700 Club," Gerald Thomas Straub, dismissed in 1980 for denying involvement in an extramarital affair, has written a book titled "Salvation for Sale: An Insider's View of Pat Robertson's Ministry."

Published in 1986, it is now being updated with new material, including a transcript of a long staff prayer meeting in 1980 in which Mr. Robertson predicted the end of the world in 1982.

Mr. Straub maintains that Mr. Robertson discussed with him how to televise the second coming of Christ, an assertion Mr. Robertson calls "ludicrous." He described Mr. Straub as "flaky."

Mr. Straub recorded the staff meeting on Jan. 1, 1980, in which Mr. Robertson said he had asked the Lord what kind of year it would be. Mr. Robertson said the reply indicated, "He's had it up to here

# Lower Fees and Status Deflate U.S. Physicians

By Robert Pear  
*New York Times Staff Writer*  
**WASHINGTON** — Changes in the way physicians are paid have caused many American doctors to feel that their profession has lost the social and economic status that made it attractive in the past.

Doctors have had to cede some of their authority and independence to government officials, insurers, corporate managers and hospital administrators, and they are alarmed by the trend.

They argue that it threatens the quality of patient care by undermining the primacy of the doctor's clinical judgment.

Yet the doctors, who are now often paid directly or indirectly through government and insurance company reimbursement programs, acknowledge that the shift has made them more sensitive to costs and more accountable to the people who pay for health care.

For years, many Americans went into medicine with the intention of becoming independent practitioners. But at least 25 percent of all U.S. doctors are now salaried employees of hospitals, clinics and other health care organizations. The proportion is increasing, and the trend is strong among young doctors.

According to the American Medical Association, 25.7 percent of physicians were working as salaried employees in 1985, up from 23.4 percent in 1983.

Among physicians under 36 years old, 47 percent were employees in 1985. By contrast, just 19.4 percent of their colleagues over 55 were employees.

As salaried employees, doctors typically earn less than independent practitioners. Experts say that the income of both groups is leveling off, in part because of government restrictions.

Dr. James S. Todd, deputy executive vice president of the AMA, said that doctors "are being treated, in a sense, as any other commodity in the new health care market," which emphasizes competition, efficiency and stringent controls on costs.

Dr. Morris M. Podolsky, a 38-year-old ophthalmologist in New York, asserted, "The independent private practice of medicine is being constrained by government regulations."

Insurance companies that are working under contract to the government are proposing to determine "what is medically acceptable or appropriate" in the treatment of patients under Medicare, the federal health insurance program for the elderly and disabled, he said.

The head of the Medicare program, Dr. William L. Roper, said he saw no need to apologize for the increase in regulatory oversight "by the people who pay for health care."

"This loss of autonomy is extremely frustrating to doctors," he said.

Doctors also are facing increased costs and stiffer competition from other doctors and from new health-care practitioners who are not physicians.

Physicians still have the ultimate legal, moral and professional responsibility for the care of their patients. But the doctors say they have lost much of their mystique and some of their authority.

Dr. Robert H. Ebert, a former dean of Harvard Medical School, said, "Physicians no longer control the medical care system to the degree they did in the relatively recent past, and they are likely to have even less control in the future."

Efforts by the government, employers and private insurers to control costs, the possibility of a surplus of doctors, and the "commercialization" of medicine by large corporations that own hospitals and nursing homes "could lead to a reduction in the per-capita income of physicians," he said.

Doctors' fees for Medicare patients have been frozen for several years under laws approved by Congress, and the government is seeking new ways to limit payments.

Last week, President Ronald Reagan signed legislation requiring reductions in Medicare payments for 12 procedures considered to be overpriced. Those include coronary artery bypass surgery, total hip replacement and cataract surgery.

The government is encouraging doctors to charge Medicare patients no more than the amounts that it deems "reasonable." Even if the doctor charges more, the federal payment is based on a "maximum allowable charge" calculated by the government.

**DOONESBURY**

# Gephardt, Trade Bill Author, Says Japanese Cars Are Better

Compiled by Our Staff From Dispatches  
**WASHINGTON** — Representative Richard A. Gephardt, a Democratic presidential candidate and the author of tough legislation that would result in U.S. trade retaliation against Japan, said Sunday that Japanese autos are better made than American cars.

Mr. Gephardt is the chief sponsor of trade legislation that has been branded as protectionist by its opponents, a label he disputes. The bill would authorize stiff selective tariffs and other barriers against imports from countries that refuse to open their domestic markets to American goods while selling large amounts of products in the United States.

Citing the quality ratings of the magazine Consumer Reports, Mr. Gephardt said Saturday, "All the worst-rated cars were American. That's not a good sign."

The Missouri congressman said U.S. trade problems are symptomatic of deeper difficulties that re-

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Herald INTERNATIONAL Tribune

Soviet Reforms: Round 1

There's no doubting Mikhail Gorbachev's determination to breathe new life into the wheezing Soviet economy. But there are already reasons to think that his first round of reforms will fail.

will be to create giant monopolies with the incentive and power to stifle competition. Even if competition does prevail, it's far from clear that the fittest will survive.

On to Mars, Via Moscow

The U.S. space agency keeps looking at the heavens through bizarre bifocals. At a time when the paramount need is to reduce the federal deficit, NASA's top goal is to build a \$32 billion space station that has no clear purpose.

with the Russians worth \$50 billion? No. But the possibilities are much larger. For instance, consider the importance many people attach to arms control negotiations as a way to increase understanding.

Other Comment

33's Suggestions Ignored

The signing of deficit-reducing legislation by President Ronald Reagan was quickly hailed by G-7 finance ministers and central bank heads, who pledged further efforts to stabilize the foreign exchange market.

Another Threat of Famine

As drought, guerrilla wars and governmental bungling again create a risk of famine in Ethiopia, there is hope that the terrible toll of 1984-85 will not be repeated.

PARIS — The Christmas story is always present, always new. It is the story of joy and renewal of life, of eternal yearning for hope.

An Old Story, With New Hope

By Flora Lewis

It is bigger because it is burgeoning with people, now five billion compared with probably less than a million at the start of the Christian calendar.

face. It is bigger because it is burgeoning with people, now five billion compared with probably less than a million at the start of the Christian calendar.

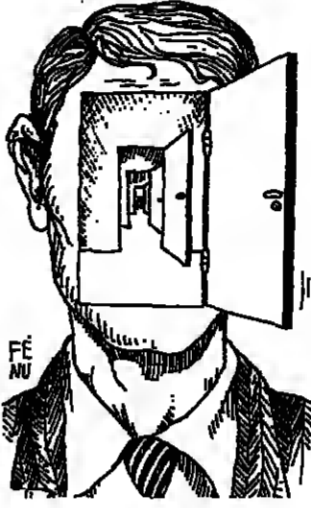
longer simply taken for granted, as God's affair, not mankind's. Conscience has broadened and there is a sense that we could do something about it if we tried harder.

NATO Needs a Leader as It Enters a Year of Challenge

By Frederick Bonhart

BRUSSELS — NATO's challenge: What now? If the question does not exactly echo through the alliance, it certainly is on peoples' minds.

haps, be so serious. But with the notable exception of Britain's Margaret Thatcher, there is now an absence of strong leadership throughout NATO.



Only Truth Will Best Serve Israeli and American Jews

By Anthony Lewis

BOSTON — American supporters of Israel have made a crucial difference to the Jewish state's safety and development. They have reason to be proud of their effectiveness.

planned, instigated and incited by Palestinian terrorists groups led by the Palestine Liberation Organization and Muslim fundamentalist groups.

The Hart Campaign's Hidden Helpers

By William Safire

WASHINGTON — The hidden power brokers of the Democratic political establishment must be in cahoots with the panjandrums of the media mafia to bring about the nomination of Gary Hart.

mere six months of penance? The psychiatric couch potatoes of talk shows and news magazines fixated on Hart's ulterior motive.

liberal pundit or two (not suspect, as I am, of delighting in Democratic disarray) will note that Mr. Hart is not talking about "tough choices."

Tokyo, if Not Washington, Can Live With the Dollar

By Hobart Rowen

WASHINGTON — Japan has once again confounded the Western world. It has learned to live with the high yen, just as it did with the oil "shocks" in 1973 and 1979.

In fact, the global economy has not enjoyed the exchange-rate stability that Mr. Morita and most businessmen feel is essential.

equivalent of another \$11 billion. This is not to suggest that the Japanese buying binge is going on at a dangerous pace.

have a record trade deficit, still face protectionist legislation and, with a weak dollar, now face inflationary pressures from higher-priced imports.

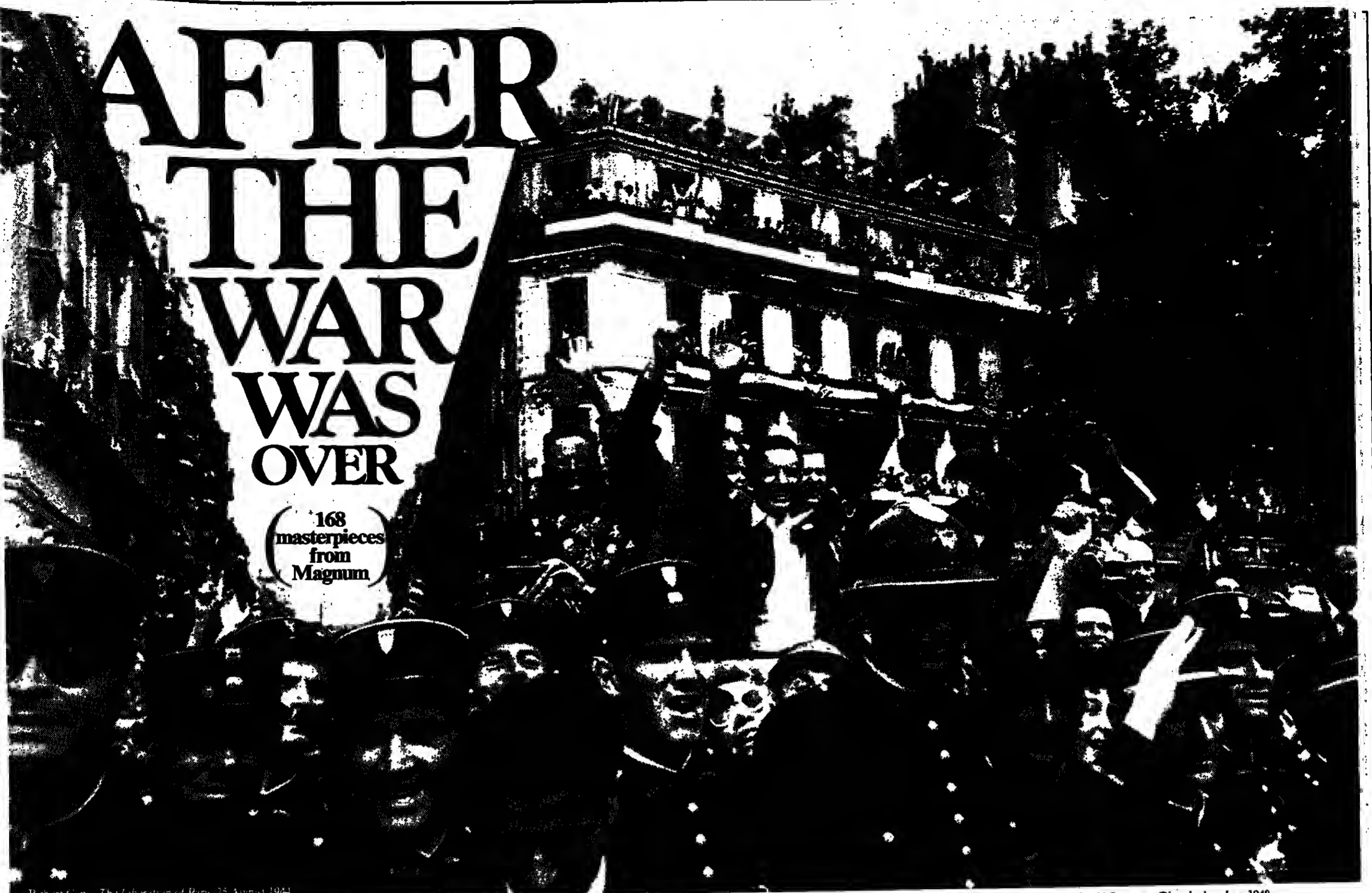
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100, 75 AND 50 YEARS AGO
1887: Who Rules Paris?
PARIS — The question at this moment is whether a resuscitated Commune is again to govern Paris.
1937: Balancing a Budget
WASHINGTON — While many of his friends and all his enemies in Congress are shaking their heads and saying, "It just can't be done," President Roosevelt gave new evidence today [Dec. 27] of his determination to make the budget balance, putting pressure behind the effort if necessary.

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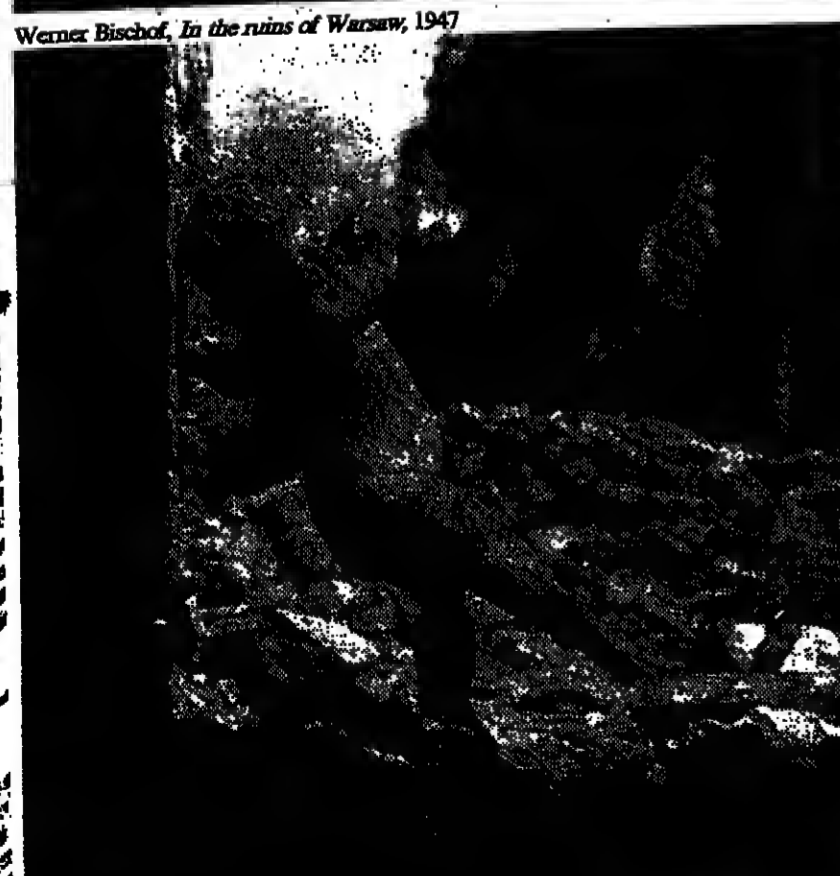
Werner Bischof, *In the ruins of Warsaw*, 1947



Henri Cartier-Bresson, *The Ascot Train*, Waterloo Station, London 1953



Erich Lessing, *Railroad workers*, 1956



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Herald Tribune

Environmentalists in Soviet Union Test the Limits of Citizen Activism

By Bill Keller
New York Times Service
MOSCOW — In the Armenian capital of Yerevan, angry citizens have forced local officials to promise that a chemical plant planned for high rates of cancer and birth defects will be relocated.

In the town of Kirishi, in western Russia, a band of citizens led by a local postman shut down a plant manufacturing synthetic additives for livestock feed.

In Moscow, in the face of student protests, the authorities have abandoned plans to demolish several old buildings.

These are heady times for Russia's environmentalists. Officially and unofficially, concern has blossomed for the icy lakes percolating with industrial wastes, the historic buildings razed to make way for high-rises, the city air choked with the effluents of progress.

Even where environmentalists have failed in their immediate goals, they have pressed the limits of citizen activism, openly challenging projects that have the imprimatur of the Communist Party and government ministries.

Some groups have even begun to question the wisdom of the Soviet nuclear power program.

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by an influential few. When Moscow announced in August 1986 that it was dropping plans to divert two Siberian rivers for irrigation, primary credit went to Russian writers such as Vasilii I. Belov and Valentin G. Rasputin, who campaigned against the project because it threatened to flood large swaths of the primeval landscape in which they find the mystic roots of Russianness. The cultural elite has undertaken similar campaigns to defend Leo Tolstoy's hometown and Siberia's Lake Baikal from industrial pollution.

But environmentalism has begun to develop a potent grass-roots following, taking on some of the character of the conservation movements of the West.

The Soviet movement reflects genuine concern about the hangover of heavy industrialization. But it has also profited from a convergence of political developments, including the worldwide outcry over the disaster in April 1986 at the Chernobyl nuclear power plant.

At the same time, the grandiose projects of the Khrushchev and Brezhnev eras have fallen from favor. Such symbols of socialist might as the still-uncompleted Baikal-Amur Siberian railroad or the river diversion projects are now eschewed in favor of what Mr. Gorbachev calls "intensive" development, which means upgrading existing facilities with newer, more efficient technology.

Mr. Gorbachev has also discovered that the environment fits neatly into his foreign-policy theme of an interdependent world. He routinely mentions acid rain or the ozone layer in his speeches as an illustration of the problems the superpowers might solve together — if only they would disarm.

It may be that Mr. Gorbachev's supporters in Moscow feel that the environment is safe ground for the nurturing of the popular initiative they need to shake off the pervasive lethargy of Soviet society.

Local officials do not always see it that way. In Leningrad, the busiest hub of unofficial environmentalism, leaders of Spaseniye (Salvation), a popular preservation group, and Delta, a tiny group organized to battle a flood-control project, have been harassed and criticized in the local press, even as the national newspaper Izvestia has written sympathetically of them.



MAN OF THE YEAR — This 1954 wedding portrait of Mikhail and Raisa Gorbachev is one of the rare family photographs that will appear in Time magazine's Man of the Year issue this week.

MOSCOW: Holiday Buying Soars

(Continued from Page 1)
The average worker at Yakimauka, lunch for two costs a worker two days' salary.

Yet they are always crowded with Soviet and foreign patrons. At Kropotinskaya, dinner tables most sometimes are reserved a week in advance.

Another pastime is buying artwork, including paintings or portraits that Soviet painters have taken to selling in open air bazaars in the past year, and more expensive works by contemporary Soviet artists.

For the first time since the 1917 Revolution, according to Mrs. Shcherbakova, two new types of Soviet art buyers are active on the market. One group is composed of intellectuals or professionals who

25 Die in Sri Lanka Market Shootout

Colombo — At least 25 persons were killed in a shootout in a crowded market in Batticaloa, Sri Lanka, on Sunday morning after Tamil rebels opened fire on three Sinhalese policemen and killed one of them, residents of the eastern port city said.

The Indian troops were sent to Sri Lanka on July 30 as part of an Indian-Sri Lankan agreement designed to end fighting between the Tamil rebels and the Sinhalese-dominated government.

A Sri Lankan military official in Colombo said that he had received unofficial reports that 25 people were killed but that he did not know how.

The priest, reached at the residence of the Roman Catholic bishop of Batticaloa, said that he thought seven of the dead were Tamil fighters because their bodies were removed from the scene. Tamil guerrillas are known to make every effort to retrieve the bodies of their dead.

(A Roman Catholic Church official in Batticaloa, who declined to be identified said by telephone that people were dragged out of shops in the market square and shot by the police, Reuters reported from Colombo.)
(Lodian soldiers on roofs of buildings overlooking the market fired intermittently at "anybody that moved," Reuters quoted the church official as saying.)

ANGOLA: Archipelago of Terror

(Continued from Page 1)
called Stingers, from the United States. The guerrillas have denied shooting down the plane.

To meet draft quotas, army soldiers sometimes surround movie theaters and churches to check the draft status of young men as they leave.

A European diplomat, who lives in Luanda with his wife in a house protected by bars, chains and steel mesh, described an attempted holdup by "four drunken Angolan army soldiers" as the couple were driving in December.

On Dec. 10, President Jose Eduardo dos Santos spoke out against "the wave of crimes that assaults the capital of the nation."

Because of insecurity in the countryside, food shortages abound in the cities. Once a food exporter, Angola now imports half of its grain needs from Europe and the United States. Children's Fund, 45 percent of Angola's children suf-

CHINA: Returning Students Adrift

(Continued from Page 1)
highly trained students returning from abroad to find suitable jobs that has prompted a series of high-level meetings among government leaders.

At issue is not only how to employ those who have returned from studying abroad, but also how to keep the tens of thousands of Chinese students at U.S. and European universities from remaining abroad because they are aware of the difficulty of finding jobs back home.

Mr. Li was exiled in 1967 to Inner Mongolia as the Cultural Revolution engulfed China. He was sent there as a retribution because his parents fled to Hong Kong in 1949 when communist armies took power in Beijing. He was left in the care of an uncle.

Mr. Li says he does not regret his six-year exile, which cut short a promising career as a mathematician.

"I rode horses every day and lived in a yurt," he said, rubbing his hands together, relishing his recollections. "We rounded up sheep, lassoed horses. I was a cowboy."

When they returned home last December, Mr. Li said the students were confident that they had learned much and were enthusiastic about what they had to offer their country.

Then they were disappointed. "The State Economic Commission helped set up this program," said Mr. Li, referring to one of China's top planning bodies.

Mr. Li, who finally found a job at the China Metals and Minerals Import and Export Corp., said he spends his days studying whether the corporation should build a hotel in Mexico.

"I guess I'm using 10 percent of what I learned," Mr. Li said.

29 Die in Algerian Collision
ALGIERS — Twenty-nine persons were killed and 20 were seriously injured when a bus collided with two trucks overnight near Skaf in eastern Algeria, the official news agency APS reported Sunday.

Pravda Says Clubs Must Put Curb on 'Illegal' Activities

MOSCOW — The Communist Party newspaper Pravda called on some of the Soviet Union's 30,000 private clubs and groups Sunday to crack down on activities such as illegal demonstrations and calls for the creation of opposition parties.

Their activities at times take on a clearly illegal character as, without permission, they organize demonstrations and print and disseminate literature hostile to socialism, Pravda said.

There are also groups which, disguising themselves as unofficial clubs, carry out provocative work, calling for the creation of opposition parties and free trade unions," the daily added.

"Those who love to fish in troubled waters should understand that our course is not liberalization according to Western notions, but the deepening and spreading of socialist democracy," the paper said. It was the first time that the Soviet press had attacked the clubs. The article appeared to reflect official concern that local authorities were failing to control the groups' activities.

Soviet Airline Gets Some Flak

MOSCOW — The Soviet state airline Aeroflot still suffers from high-handed management and corruption despite a change in leadership earlier this year, the Soviet Communist Party newspaper Pravda said on Sunday.

"Attempts to change the style of management have come up against a stone wall," Pravda said in an article headlined "Ministry of Closed Doors."

It added that the number of accidents remained unacceptably high while cases of bad discipline at work and drunkenness among Aeroflot personnel had increased.

Soviet Crime Fell 8% In Year, Official Says

MOSCOW — The overall crime rate in the Soviet Union fell by 8 percent this year, with some serious offenses down by 14 percent, an official said Sunday.

V. Trushin, the first deputy interior minister, told the daily Izvestia that 600,000 "small fry," mostly people caught stealing from their work places, had been arrested, and that 180 million had been sentenced for corruption.

GULF: Seeking a Formula

(Continued from Page 1)
tanker, the Sea Isle City, was hit by a Silex missile in Kuwait's harbor with no warships at hand.

The British Navy, too, carries out routine escorts of merchant ships flying the Union Jack.

On the U.S. aircraft carrier Midway, crewmen are speculating about making their first port call on the African coast before long, though they arrived only recently in the Arabian Sea outside the Strait of Hormuz.

For months the United States has kept a carrier outside the Gulf to provide air cover for passages through the strait. But the presence may cost more than it is worth.

U.S. Navy officers on cruisers and other smaller ships say they could defend themselves against an Iranian air attack without the carrier's jets.

And the battleship Iowa, with its 16-inch (410-millimeter) artillery and long-range cruise missiles, presumably would retaliate with devastating force against any Iranian air attack on U.S. ships.

STRAUSS: Sign of a Thaw

(Continued from Page 1)
nomic Affairs, was seen as an attempt by Moscow to garner favor with West German rightists early in its own initiative.

The Christian Social Union is the most conservative wing of Mr. Kohl's coalition government.

Mr. Strauss strongly resisted the plan to eliminate shorter-range missiles and other medium-range nuclear weapons. But he has been active in dealing with Eastern Europe.

He was instrumental in lifting rightist resistance to dealings with East Germany by arranging a huge credit deal for East Germany in 1983. He has visited Poland, Czechoslovakia and Bulgaria to generate business for Bavaria.

Mr. Strauss's trip is expected to be followed in three weeks by an official visit to Bonn from the Soviet foreign minister, Eduard A. Shevardnadze. In February, another West German politician, Lothar Späth, the premier of Baden-Württemberg state, is scheduled to travel to the Soviet Union.

The visit is viewed in Bonn as a revival of an initiative that began last summer, when the West German president, Richard von Weizsäcker, paid a state visit to Moscow, accompanied by Foreign Minister Hans-Dietrich Genscher. Soon after, the Kremlin gave its approval to a long-awaited visit to West Germany by the East German leader, Erich Honecker.

The warming in relations followed the long chill that had come with West Germany's acceptance of new U.S. Pershing missiles in 1983.

IRAN: Fahd Asserts It Sows Discord

(Continued from Page 1)
who rule over Shiite minorities of varying strengths.

The monarch's statement also seemed to reflect the deep religious rivalry between Saudi Arabia and Iran, particularly since the Saudis accused Tehran of instigating riots in July in Mecca, Islam's holy city. Hundreds of people died in the disturbances.

King Fahd said the Gulf War had continued unabated since 1980 because Iran ignored "every Arab and Islamic mediation effort."

Some analysts believe that the Gulf Cooperation Council is seeking its most unambiguous condemnation yet of Tehran's failure to accept a UN Security Council resolution demanding an end to the war, which has drawn Gulf states into a de facto alliance with Baghdad.

Iraq has said that it accepts the resolution in full. Iran wants Iraq to be branded as the aggressor before it will make its position clear. Leaders at the summit meeting are expected to press Tehran to allow a United Nations peace plan to go into effect.

Some Arab Gulf states, notably the United Arab Emirates and Oman, are nervous about the looming power of Iran just across the waters from their more fragile regimes. They have urged that the Gulf states maintain a dialogue with Tehran.

The meeting follows several weeks of escalating hostility in the so-called "tanker war" between Iran and Iraq.

East German Trawler Rescues Freighter Crew
LONDON — The crew of the Panamanian freighter Leto Queen was rescued by an East German trawler amid gale-force winds in the Atlantic, 500 miles (800 kilometers) off the west coast of Ireland, the Falmouth coast guard in Cornwall said Sunday.

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Weekly International Bond Prices

Provided by Credit Suisse First Boston Securities, London, Tel.: 01 233 11 30. Prices may vary according to market conditions and other factors.

W. Dollar Straights

Table listing bond prices for various countries including Australia, Canada, and Japan. Columns include Issuer, Con, Mat, Price, Yld, and Cur.

Main table of international bond prices. Columns include Issuer, Con, Mat, Price, Yld, and Cur. Rows are organized by region: Australia, Canada, Japan, Scandinavia, United Kingdom, United States, Western Europe (Dfl), and DM Zero Coupons.

Continuation of the main bond price table, covering more issuers and regions.

Table listing Yen Straights, including various Japanese government and corporate bonds.

Table listing DM Zero Coupons, including German government and corporate bonds.

Mutual Funds

Table listing mutual fund performance data, including fund names, assets, and returns.

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Table listing Dollar Zero Coupons, including US government and corporate bonds.

Table listing DM Straights, including German government and corporate bonds.

Table listing ECU Straights, including European Currency Unit bonds.

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# Japanese Investors Report Caution on U.S. Bonds

**TOKYO** — Japanese institutional investors are likely to limit their purchases of U.S. Treasury securities in 1988 because of continued concern about foreign exchange losses, investment managers say.

However, one factor that would make Treasury bonds attractive is the strong likelihood of a decline in U.S. interest rates next year, they said, mainly because of political pressures to keep the U.S. economy growing before the November presidential election. With bond prices moving inversely to changes in interest rates, any lowering of rates would boost the value of bonds.

Even so, Japanese investors in Treasuries are likely to incur more currency losses from their holdings because of the year's surge against the dollar in the financial year that will end in March 1988, according to sources in the life insurance industry, a major source of investment funds.

The precise amount of these holdings is not easily determined, but early in 1987, the amount of Japanese funds invested in U.S. government securities and corporate bonds was estimated at about \$100 billion.

Japanese life insurers will suffer book losses on their investments in U.S. securities if the dollar drops below 127 yen by the end of the fiscal year, the bond managers said. The yen is currently trading at around 126 to the dollar, having risen by 27 percent from 160 yen at the beginning of the year.

Finance Ministry guidelines say life insurers should write off such losses on foreign bonds if exchange rates at the end of the year vary more than 15 percent from the date of purchase.

"We will continue to be cautious on U.S. securities investments as long as we haven't decided that the dollar has bottomed out against the yen," said Katsuyuki Ichikawa, manager at the bond investment and management department of Daiwa Investment Trust Management Co.

"We can't be bullish next year, too," Mr. Ichikawa said. "We are seriously looking for a new place to put our funds, but no other market is big enough to absorb them," he added.

"The dollar could stop falling at 120 yen per dollar, but nobody knows," he said.

The U.S. economy could weaken in 1988 as a delayed result of the Oct. 19 stock price plunge, he added. With slower demand for investment funds likely to push interest rates lower, bond prices should rise.

# Path of Spending Is Still Guesswork

By Michael Quint  
New York Times Service

**NEW YORK** — Ten weeks after the steep decline in stock prices, credit market participants are still guessing about the likely effects on consumer spending, the economy and interest rates.

While many economists estimate that the steep stock decline will

exacerbate the slowdown in consumer spending that was already under way, the only statement they can make with confidence is that answers about consumer behavior will be clearer early next year than they are today.

Retail sales for December, to be published Jan. 14, are not expected to show much of an increase over November's gain of 0.2 percent.

After steep declines in retail sales during September and October, a modest gain of only 0.5 percent or so in December is likely to reinforce expectations that the slowdown in consumer spending will soon lead to cutbacks in produc-

tion and a noticeable decline in overall economic growth.

Donald Fine, chief market analyst at Chase Manhattan Bank, said that the bond market had still not fully digested the implications of the automobile rebates and price-cutting at retail stores that have supported sales recently.

Besides helping to dampen increases in consumer prices, he noted that price-cutting was robbing sales from early next year. The result, he said, is a greater probability of a slowdown in the economy in the first quarter that would be the catalyst for lower interest rates.

Recent activity in the bond market suggests that others also expect lower rates in the future. At Friday's closing level of 99 17/32 to yield 8.92 percent, the Treasury's 8 1/2 percent issue due in 2017 was up more than 5 points from its price of Dec. 11, when it yielded 9.45 percent.

Economists noted that changes in federal tax laws beginning next year might have some impact on the public's willingness to buy.

Jason Bendersly, an economist at Goldman, Sachs & Co., estimated

that if the Treasury adjusts the withholding tax schedules to give back all of the over-withholding of 1987 as well as the 1988 decline in tax rates, about \$24 billion would be added to consumers' pocketbooks next year. If the new withholding tables allow just for the lower tax rates in 1988, only about \$8 billion will be added.

In any case, the changes are relatively small compared with the approximately \$3 trillion base of personal income. A net change of \$10 billion in tax refunds for example, represents a change of slightly more than 0.3 percent and would be dwarfed by changes in employment within the economy.

Cheaper oil could improve U.S. trade figures in coming months, which would give the dollar some support, he said, yet an easier U.S. monetary policy could still cause further dollar declines.

"We will continue to avoid U.S. securities next year," Mr. Koizumi said.

"Japanese investors will look more closely at the U.S. economic indicators in coming months than ever, because they are keen to gauge the real strength of the U.S. economy," said a foreign bond manager at a leading securities house.

Japanese investors needed to be assured that the dollar is starting to rebound before resuming investment, he said, although they believe it is near the bottom.

"If they see a hint that the U.S. economy is weak, it will be no surprise if they resume investing in U.S. securities in 1988," he said.

## U.S. CREDIT MARKETS

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	Dec. 24
Ten Year Treasury Bond Yield	7.95%
Money Market Funds	8.92%
Dollar's Daily Average	126.00
Bank Money Market Accounts	8.50%
Bank Term Deposits	8.25%
Home American Fed. R. Reserve	8.82%

Source: New York Times.

# GROWTH: Addressing the Shrinking World Economy

(Continued from first finance page)

if all we have is 2 percent growth, that's O.K., without thinking that for many people real earnings will remain basically unchanged throughout their lifetimes," said Jean Baneth, director of the World Bank's international economics department. "That will be very different from the societies we built in the 1950s and 1960s, where there were expectations of improvement."

Although some economists say the 25-year period after World War

achieving faster growth," Mr. Maris said, "is we have to correct this incredible disequilibrium, and it will be very difficult to do that while avoiding a recession."

Mr. Maris was one of 33 prominent economists from 13 countries who signed a statement earlier this month calling on Washington, Bonn and Tokyo to take more decisive actions to reduce trade imbalances. The economists said Washington should try to cut domestic demand and imports further, and must go beyond its recent budget deficit reductions. It must, they say, cut last year's \$148 billion deficit by an additional \$40 billion a year for several years.

The economists also urged West Germany to raise imports and accelerate and expand tax cuts scheduled for 1990. And they urged Japan to push domestic demand growth above 4 percent a year.

Although most economists agree on what these three nations must do, they say improved world economic growth could become a hostage to domestic political constraints. Bonn and, to a lesser degree, Tokyo, fret that greater stimulus will mean increased inflation and angry voters. In an election year, Washington worries about how voters will react to higher taxes or more budget cuts.

foundly throughout the industrial world. That is one reason why growth is not faster than it is today.

But according to Mr. de Menil, today's slower growth "provided growth continues — might be preferable to the heady growth of previous decades because it is less inflationary and therefore more sustainable."

Nevertheless, many economists see several underlying problems with the slow-growth, anti-inflation approach. In particular, they say, the fight against inflation is causing economic growth to fall short of its potential.

"Another problem that many economists see with the anti-inflation fight is that Europe and Japan have taken one approach and the United States another. After the 1979 oil shock, Europe and Japan adopted policies of fiscal consolidation, slashing budget deficits and cutting the ratio of their budgets to their gross national product. Meanwhile, in Washington, the Federal Reserve Board jacked up interest rates to help whip inflation while the Reagan administration pushed through huge tax cuts that produced gargantuan budget deficits.

Taken together, these disparate approaches sent the dollar soaring and generated a huge U.S. trade deficit and enormous German and Japanese trade surpluses.

"These policy mess-ups create much more skepticism about the

**Coordination means each nation would have to do what's good for the world economy, but they don't want to do it.**

— Lester Thurow, MIT economist.

It was extraordinary because growth levels far exceeded historic norms, they say, there is no reason why growth rates in the 1990s cannot move closer to levels of the 1960s.

Getting there from here will not be easy, however. In the past five years, a stubborn Third World debt problem has slowed growth in both developing and industrial nations. The United States, once an all-powerful locomotive that pulled weaker economies along with it, has been plagued by huge trade and budget deficits that it seems unwilling to reduce as fast as the rest of the world would like. And West Germany, Europe's most powerful economy, is so nervous about increasing inflation that it does not want to stimulate its economy nearly as much as other nations want.

power of government to do anything good about the economy and about long-term growth in demand," said Andrea Baltho, an Oxford University economist who has written extensively on world growth.

Many economists say that reconciling the disparate approaches to fighting inflation, thereby reducing trade imbalances, would help lead to faster growth. Resolving the Third World debt problem would also be a boon to growth, they say.

"Brazil, Argentina, a lot of these countries used to be very dynamic economies," said Richard Portes, director of the Center for Economic Policy Research in London. "But because everyone is worried about having to bail out a few banks, we have not yet taken the bold steps needed to bring the less developed countries back to being dynamic contributors to world growth."

"This slowdown makes it difficult for the really poor countries to grow. They should be catching up to us."

— Angus Maddison, economist and author

If recent years, many governments tried to fight inflation at the expense of growth. Now, economists say, they must shift gears and focus more on promoting growth — using policies that could range from more government spending to investment incentives — while still keeping inflation under control.

The huge trade imbalances, which have rolled stock and foreign exchange markets since mid-October, must be cut before the world can move into a smoother — and faster — growth period.

Many economists say that unless stronger steps are taken to slash the U.S. trade deficit, which reached \$156.2 billion last year, and Japan's and West Germany's huge trade surpluses, markets will remain unstable and interest rates will rise. That could lead to a sharp economic downturn, making it hard for growth in the 1990s to outpace growth in the 1980s.

"What is holding us back from

bringing against Texas Air and its officials by unions on behalf of their members.

Union leaders such as Charles Bryan, the president of District 100 of the International Association of Machinists and Aerospace Workers, which represents about 13,000 of Eastern's 38,000 workers, hope that the courts will block further asset sales and, possibly, overturn the entire acquisition of Eastern by Texas Air.

The unions have already had some victories, including a judge's

decision that Eastern could not transfer some machinists to an independent subsidiary, since doing so would jeopardize the protection they have under their labor contract.

For his part, Mr. Bakes stressed that neither he nor Mr. Lorenzo wanted to sell any assets. "We like to run airlines and not to dismantle them," he said.

But he left little doubt that the unions did not agree to significant changes in labor costs, he said. Mr. Lorenzo would sell parts of the carrier.

# SAS: Preparing for Less Friendly Skies

Jan Carlzon, president of Scandinavian Airlines System, returned to Stockholm last week from London after losing out to British Airways PLC in a bid for a stake in the other major British airline, British Caledonian Group PLC. Amid moves to deregulate European air travel, he discussed the pressures for such mergers with the IHT's Juris Kaza.

The more we wait, the more difficult will be the situation in selecting airlines one really wants to cooperate with. There will be other linkages taking place.

Q. You mentioned Asian and North American airlines. What makes them such a competitive challenge to you and the others in Europe?

A. For the Asian airlines, the cost situation is the greatest advantage for them. If you look

five future airlines. We have to find alliances in Europe to widen our foreign market base.

Q. What could be done now, to further liberalize European aviation?

A. Look at the difficulties we had in making an offer to Caledonian. We couldn't bid for 100 percent while British Airways could because they were British. We could only bid for less than 25 percent and only if we had one other British investor with a bigger stake than SAS, and so forth. These kinds of rules, and they are the international rule for aviation today, have to be changed if the politicians in Europe really want to have a liberalization of policies.

Q. You have just come from London where you were not successful in starting a relationship between SAS and British Caledonian. British Airways bought Caledonian instead. What are your comments?

A. It's embarrassing to see how a country like Britain and an airline like British Airways, which have been preaching freer competition and more liberal aviation policies, are protecting a monopoly in a situation where they are themselves threatened on their home ground. To me, it shows that free competition is a good thing as long as it does not touch your own situation.

Q. You were also talking to Sabena, the Belgian airline, on an integration plan last summer. Why is it so important for SAS to find a European partner?

A. Well, because I foresee we will end up with four or five big carriers taking care of international traffic to and from Europe in the future. And here, I'm talking about the 1990s. Our goal is to be "one of five in '95." I cannot see a situation where we could have every country's airline flying all the intercontinental routes in tough competition with the Asian and American airlines. They are more competitive and bigger in size.

Q. Let's get back to your role as head of SAS. You came in and turned the airline around. That's done. Is the new phase of finding the right partner more difficult?

A. It is a critical and difficult situation. We are one of the most profitable and efficient airlines in Europe, but the competition is increasing from year to year. We are facing quite a different situation and we want to position ourselves in advance to handle that, to turn risks into possibilities. But the basics for SAS have not changed. We have realized that we are in a service business, that we are in a competitive business, and that the environment is changing. That was the main thing I gave to SAS, this commercial and business thinking, and from that come all these developments and steps we are trying to take.

Q. Do you see a certain deadline by which you want to have SAS, so to say, "married" to another airline?

A. At the latest, of course, 1992, which is a critical date for the European Community, when it eliminates all internal trade barriers. Certainly, we would like to have it a lot

Q. What about the liberalization going on in Europe?

A. Yes, it's there, but we are against this step-by-step liberalization. That kind of liberalization favors the airlines in the center of Europe and is a disadvantage to the airlines in the periphery of Europe. If it were up to us, we would want deregulation overnight, because it would give us, one of the most efficient airlines in Europe, a chance to compete. It would also give Europe a chance to compete, because it would put pressure on management, unions and governments to run aviation at a lower cost.

Q. The transformation of SAS something, then, that could make you an attractive partner because of these management skills and experiences?

A. My experience in the last months, and not the least in the negotiations just ended, is that we do not have to "sell" ourselves to any airline anymore. It is easy to see that we are an attractive partner.

Q. Do you think that in the early part of next year you will be talking to another potential partner?

A. We sure will.

Q. It is said that Europe, which still is a collection of sovereign countries and national interests, is different from the United States. A. From a passenger point of view, that's nonsense, because I don't care if I fly across one border or another to catch the best flight and get the best service. That is why we think that Scandinavia, with 17 million inhabitants, is not big enough alone to support one of the

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# EASTERN: Assets Are a Leading Issue in Union Talks

(Continued from first finance page)

return for a \$100 million note. Some analysts have said the system was worth much more than that. Eastern now pays Texas Air \$10 million a month for the use of the system.

Eastern has also sold planes to other airlines and to Continental.

Some union leaders have said that the sale and transfer of assets has made Texas Air vulnerable to lawsuits from employee shareholders who could sue the airlines to reduce the value of their holdings.

A number of suits have been

brought against Texas Air and its officials by unions on behalf of their members.

Union leaders such as Charles Bryan, the president of District 100 of the International Association of Machinists and Aerospace Workers, which represents about 13,000 of Eastern's 38,000 workers, hope that the courts will block further asset sales and, possibly, overturn the entire acquisition of Eastern by Texas Air.

The unions have already had some victories, including a judge's

decision that Eastern could not transfer some machinists to an independent subsidiary, since doing so would jeopardize the protection they have under their labor contract.

For his part, Mr. Bakes stressed that neither he nor Mr. Lorenzo wanted to sell any assets. "We like to run airlines and not to dismantle them," he said.

But he left little doubt that the unions did not agree to significant changes in labor costs, he said. Mr. Lorenzo would sell parts of the carrier.

**CREDIT LYONNAIS.**  
**LE POUVOIR DE DIRE OUI.**

### NASDAQ National Market

OTC Consolidated trading for week ended Thursday Dec. 23

**W**

Sales in	High	Low	Close	Net
1866	15.00	14.00	14.75	-
1866	14.00	13.50	13.75	-
1866	13.00	12.50	12.75	-
1866	12.00	11.50	11.75	-
1866	11.00	10.50	10.75	-
1866	10.00	9.50	9.75	-
1866	9.00	8.50	8.75	-
1866	8.00	7.50	7.75	-
1866	7.00	6.50	6.75	-
1866	6.00	5.50	5.75	-
1866	5.00	4.50	4.75	-
1866	4.00	3.50	3.75	-
1866	3.00	2.50	2.75	-
1866	2.00	1.50	1.75	-
1866	1.00	0.50	0.75	-
1866	0.50	0.25	0.375	-

Sales in	High	Low	Close	Net
1866	15.00	14.00	14.75	-
1866	14.00	13.50	13.75	-
1866	13.00	12.50	12.75	-
1866	12.00	11.50	11.75	-
1866	11.00	10.50	10.75	-
1866	10.00	9.50	9.75	-
1866	9.00	8.50	8.75	-
1866	8.00	7.50	7.75	-
1866	7.00	6.50	6.75	-
1866	6.00	5.50	5.75	-
1866	5.00	4.50	4.75	-
1866	4.00	3.50	3.75	-
1866	3.00	2.50	2.75	-
1866	2.00	1.50	1.75	-
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(Continued on next page)

Japan Domestic Airline, Toa, to Change Name

Agence France-Press TOKYO — Japan's Toa Domestic Airlines will change its name to Nippon Airlines System on April 1, according to company officials.

The company decided to change its name because it plans to advance into international transportation services after the deregulation of Japan's airline industry, the officials said Saturday. TDA is one of Japan's three major airlines along with Japan Air Lines and All Nippon Airways, which both fly international routes.

Reebok Rated Most Profitable in U.S.

NEW YORK — Reebok International, the athletic apparel manufacturer best known for its popular shoes, was the most profitable company in the United States in an annual ranking by Forbes magazine.

Reebok, based in Canton, Massachusetts, led 880 profitable companies in terms of return on equity, the measure of how much a corporation earns on its shareholders' investment, Forbes said in its Jan. 11 issue.

The business magazine tallied the firms' return on equity over the past three to five years. Reebok had a more than 200 percent average return over the past three years, with a 52 percent return in the most recent 12 months.

Because the rankings consider a company's aggregate performance over several years, some of the companies with recent profit declines or losses were given high rankings because of their past strength.

For example, second on the list was Centrust Savings Bank, a Miami-based savings and loan company, that also had a more than 200 percent

return over the past three years but showed a decline in profitability over the past 12 months.

Third on the list was Anchor Glass Container, of Tampa, Florida, which had a 166.6 percent return over the past three years and 34.7 percent in the past 12 months.

Fourth was Coleco Industries Inc., of West Hartford, Connecticut, which had soaring profits over the past five years thanks to its Cabbage Patch dolls. Coleco had a nearly 97 percent return on equity in the past five years, but in the most recent 12 months the toymaker has shown losses.

Chrysler Corp. ranked fifth, with a 71.3 percent return over three years and 23.8 percent in the past year.

At the opposite end of the scale, the least profitable company among the 880 ranked by Forbes, was Cameron Iron Works of Houston, with a 0.1 percent return over five years and a decline in the past 12 months.

Forbes said the median return over the past 12 months was 13.6 percent, up only slightly from 13 percent in its 1986 survey. The magazine predicted that, considering companies' most recent results, overall return on equity would continue declining.

Euromarts At a Glance

Table with columns for U.S. 3-month, 6-month, 9-month, 12-month, and 15-month yields, and weekly sales for primary and secondary markets.

Indonesia Liberalizes Its Stock Exchange

JAKARTA — Indonesia's stock market got a deregulatory jolt last week, leaving businessmen wondering whether one of the least active financial institutions in the world will finally begin to stir.

In the first major change since the exchange was set up 10 years ago, the government on Thursday announced measures that among other things create an over-the-counter market where foreign investors can participate.

Twenty-four companies, 18 of them joint ventures, are currently listed on the stock exchange. Trading has averaged only a few thousand shares a day, and sometimes no shares change hands.

The new stock index, which began at 100, peaked at 123 in 1982 and has been in decline ever since. It stood at 82 on Thursday.

The measures were included in a broad package of moves to deregulate industry, trade and investment in order to boost the country's small and struggling private sector. The changes in the capital mar-

ket will make it easier for companies to become listed and for the public to buy their stocks.

Companies seeking a stock exchange listing will no longer be required to show a 10 percent profit on capital in the previous year, although they must show a profit. And the necessary documents have been reduced to two, an annual report and a prospectus, from eight.

The over-the-counter market will allow companies to sell shares directly to the public instead of just through approved brokers. Using this exchange, foreigners will also be able to buy shares for the first time, although they will have no corporate voting rights.

The new market is meant especially for "young companies with bright prospects" that fail to meet the original stock exchange's requirements, Finance Minister Rudi Prawiro said.

Initial reaction from local and foreign businessmen was muted. The changes are not likely to make Indonesian stocks competitive with

American Exchange Options

Table of American Exchange Options with columns for Option & price, Calls, Puts, and various stock symbols.

Chicago Exchange Options

Table of Chicago Exchange Options with columns for Option & price, Calls, Puts, and various stock symbols.

NASDAQ National Market

OTC Consolidated trading for week ended Thursday

Large table of NASDAQ National Market data, including columns for Sales in 100s, High, Low, Close, and Net Change, with numerous stock symbols listed.



SPORTS

SPORTS BRIEFS

Italian Renounces Long Jump Bronze Medal

PADUA, Italy (Combined Dispatches) — Long jumper Giovanni Evangelisti said Saturday he is "renouncing" the bronze medal he won Sept. 7 at the World Track and Field Championships in Rome to end a dispute over the length of his leap.

Noise at Series Reached Jackhammer Levels

WASHINGTON (WP) — The noise at the Minneapolis Metrodome during the World Series reached jackhammer levels and may have affected the motor skills of some players during the second game, according to a report in the current issue of The Journal of the American Medical Association.

Quotable

Michael Jordan of the Chicago Bulls, after a golf game with Jim McMahon of the Bears: "The difference between me and Jim is he throws his clubs farther when he gets mad." (LAT)

VANTAGE POINT/Ira Berkow
Calling It Quits in College Basketball

NEW YORK — If this keeps up, it might soon be determined that quitting is sweeping the country.

Making your team disappear — Presto! like Blackstooze — from the floor or field during a sporting contest could become as big a thing as, once upon a time, the hoop de hula, the cuffless trouser or even, heaven forbid, the Wave.

Fans have witnessed games called on account of darkness, or fog, or rain, or riot, or leaky roof or earthquake. But rarely for pique. Unless, of course, it was your bat and your ball.

Mostly, though, there is in the United States a tradition of seeing it through, of biting the bullet, of getting 'em the next time. But, wihal, leaving them a little token of your esteem, like a reverberating ear drum from an explosive or two, or some kicked dirt on their shoes, or a little dew on their face from a close encounter of a moist and heated kind.

Signs indicate now that something weird is afoot in college basketball.

The other night the coach of Manhattan College, Bob Delle Bovi, occasioned his team to vanish in the second half of a game against Drexel. This was in the Spindletop Blowout tournament in Beaumont, Texas.

And for his second number, some in the stands must surely have thought he was going to saw his center in half. They would be disappointed.

Delle Bovi's reason for making his team fade into the thin Texas air? Because he was less than enamored of the officiating.

He decided at that moment that he wouldn't give the referees the continuing satisfaction of believing his team. Nor would he invite the referees — certainly without friend or family, for who on earth would want anything to do with these bandits, anyway? — home for Christmas dinner.

This follows by a few weeks the celebrated suit and retreat of Bobby Knight, the commanding general of the Indiana Hoosiers' college basketball team.

Nor Knight is admired by many as a tactician of the highest order in the game of basket-

ball. But he has his flip side, to be sure. "I bow to no one," wrote Steve Jacobs of Newsday, "in my ambivalence for Bobby Knight."

Most recently, Knight sparked a nationwide controversy when he removed his team in an exhibition game against the Soviet squad in Bloomington, Indiana.

It seems a majority of observers took him to task for it, though there were some who thought, that wily fox, he's at it again; he's serving notice on the Big 10 referees that he'll

banishment from the premises. And neither went gentle in that good night, nor alone. They dragged all their players along with them.

Both have apologized to the higher powers — that is, the bosses at their schools. Knight was given a reprimand by the school president. Manhattan has not yet made a decision on Delle Bovi.

Shortly after Knight had pulled his team from the floor, Delle Bovi was interviewed on a radio sports talk show and wondered aloud what would be his fate if he took his team off the floor.

After all, Knight is a figure of nearly deific proportions in Indiana. Delle Bovi is a young man in his second year as head coach at the New York school.

Knight has won national championships and made a national spectacle of himself on numerous occasions. Knight seems big enough to overcome this. One hopes that Delle Bovi can, too. It is unfortunate that he may be remembered only for this move, for Manhattan is not an NCAA power, he is not a subject of a national best-seller, he is not laboring in a college-basketball frenzied setting.

He's a guy trying to find his way in his profession, and at a school that places academics above mere games or demigods. It seems obvious that consciously or subconsciously Delle Bovi imitated one perverse move of Knight's. One wonders how many more coaches will willy-nilly follow in this path.

Beyond the matter of how such activity fits into the educational mode, fans and those running and broadcasting sports events must be concerned.

If a game is called on account of a temper tantrum, shouldn't the fan or sponsor get his money back? Or does five innings of a ball game, or two periods of a hockey game or half of a basketball game constitute having got your money's worth?

Such financial concerns, along with the lesser ones of sportsmanship, perseverance and democratic class despite unconvincing officiating, may have to be hammered out if this trend toward quitting continues.

Fans have witnessed games called on account of darkness, or fog, or rain, or riot, or leaky roof or earthquake. But rarely for pique. Unless, of course, it was your bat and your ball.

embarrass them too (or again) if they don't mind their manners around him and his team.

Some others continued to believe that Knight was serving the best interests of what-building, of capitalism, of imperialism, of what-have-you, in taking no guff from referees in a contest against, as some presumably saw it, the theory, let them find out how to give-and-go by themselves, too.)

Delle Bovi made his team go poot at a moment in his game similarly close to Knight's. It was near the middle of the second half, and Manhattan was lagging by 14 points. Knight's team had fallen behind by 23 points in the second half. Both coaches had been hit with a third technical foul, which meant automatic

THIRD STOCKS IN REVIEW / Via Agence France-Press

Amsterdam Amsterdam stocks rose moderately last week, although volume was low at 1.09 billion guilders, against 1.63 billion the previous week.

The ANP-CBS general index moved ahead to close at 217.0 on Thursday, a gain of 8.3 points for four days' trading.

On Monday, the market rose, taking its cue from a firm Wall Street. It managed a slight gain on Tuesday and another Wednesday, before rising 3 points on Thursday. One dealer described market feeling as "quietly buoyant."

Frankfurt Frankfurt share prices rose a strong 17.6 points on Monday, buoyed by a firm Wall Street the previous Friday, but they marked time for the rest of the short trading week.

The Commerzbank index finished at 1,349.6 on Wednesday, the last trading day, against 1,329.3 the previous Friday. The market will also be closed Monday.

Traders said they were disappointed in Wednesday's statement by the Group of Seven leading industrialized countries, which they said did nothing to help the market. Commerzbank said no significant stock price trend was expected before the new year gets well under way.

Volume on the eight West German stock exchanges totaled a mere 3.9 billion Deutsche marks, against 7.7 billion DM the previous week.

Hong Kong Strong buying, except for Tuesday, pushed the Hang Seng index up a handsome 198.61 points for the week to close at 2,379.07 at the end of Thursday's half-day session.

The broader-based Hong Kong Index gained 131.60 points, finishing at 1,556.96. Average daily volume was 877.4 million Hong Kong dollars, up from the previous week's 732.6 million dollars.

Share prices soared on Monday, pushing the Hang Seng index up 97.67 points. On Tuesday, profit-taking erased most of the day's gains, but buying was strong on Wednesday and Thursday.

Dealers said buying was unexpectedly active in Thursday's preholiday trading and attributed the surge largely to revived interest in local shares on the part of foreign investors.

Milan Milan share prices finished a three-day trading week almost unchanged. The Comit index closed Wednesday at 504.97, against 504.36 the previous Friday.

Volume was low, at about 64 billion lire a day, against 120 billion a day the previous week.

Rumors of an impending Mootedisoo capital increase brought large sales of that stock, which lost 4.6 percent for the week. Olivetti rose by 3.3 percent.

Paris The Paris Bourse had a low-key week, reacting quietly to both good and bad news, analysts said.

The CAC share-price index finished on Wednesday at 289.7, against 281.7 the previous Friday. An unexpected strike by clerical staff on Thursday to protest against a firing prevented most quotations, so that no CAC index could be computed for that day.

Tuesday marked the end of the 1987 bourse year, one of the worst of the past few decades, with stock prices losing 26.5 percent for the year.

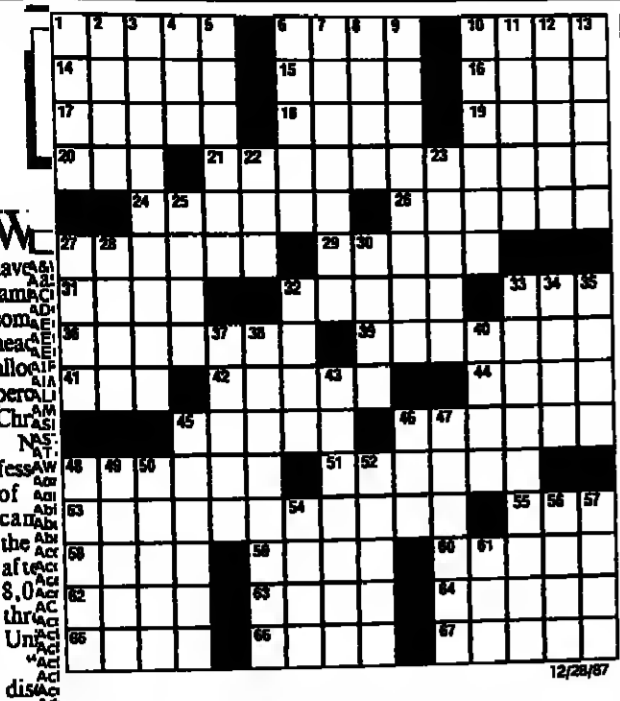
Singapore The Singapore stock market closed the holiday-shortened week on a high note Wednesday, registering its eighth consecutive daily gain.

That is the longest uninterrupted rise since the world stock price collapse on Oct. 19. The Straits Times industrial index rose 60.04 points during the three trading days to end at 833.15, while the Stock Exchange of Singapore index advanced 11 points to 255.77.

Market observers said one reason for the rally was the expectation that there would be a strong rebound in the first half of 1988. They also said that foreign-fund managers, especially Japanese, were likely to return after the year-end holidays.

Lack of sustained selling pressure was also said to be a major factor in the steadiness of the market, which had seen panic selling for the major part of the previous five weeks.

Average volume for the three days was on the high side with 32.5 million shares, valued at



ACROSS
1 Infield fly
4 Qualified
10 Pope's partners
14 Tickle pink
15 Make headway
16 "Ben Adhem"
17 Leigh Hunt
18 Assist an arsonist
19 Silk, in Soissons
20 — turn (perfectly)
21 Mayor and council
24 "Phantom"
25 "Lucky" star
26 Spreads by rumor
27 Wisdom bits
29 Relative of a law for stiebele
31 Wood-trimming tool
32 Drag one's feet
33 Couple
36 Quite large
39 Cut a cusp (gladly)
41 Settle predecessor
42 Oodles
44 Ubangi feeder
45 — Alighieri
46 Patterns' cousins
48 In the neighborhood
51 Helix
53 Renowned
54 Boston event
55 June honoree
58 "— a Kick Out of You"
59 Never, poetically
60 Metrical feet
62 Convinced
63 White-tailed eagles
64 Some what orderly pile
65 Hold court
66 Surf sound
67 Tied up in knots
DOWN
1 Saucy
2 Medley
3 They like shooting stars
4 Shoshonean
5 Blue — (edit)
6 Kind of cat's-eye
7 Tended a to
8 Would as — (gladly)
9 Complicate
10 Number 5 iron
11 Some woodwinds
12 Having a water-marked pattern
13 "You're Only Old Once!" author
22 Electees
23 Fabric for a summer frock
25 Vicinity
27 Card player's decision
28 An Adams
30 Rods for hoods
32 Senior's spot
33 Papa or boss
34 Shoe feature
35 Favorites
37 Mel of many voices
38 Chelsea resident, e.g.
40 Big horn
43 Downward slope
45 Housecoat
46 Water
47 Rateigh, for one
48 Manet or Monet
49 Rapidly
50 Imitative
51 Mischievous-maker
50 "Louise" or "Norma"
52 Intrinsically
54 Claudius's successor
56 Basics
57 Embankment
61 Passion ender
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DENNIS THE MENACE



JUMBLE. THAT SCRAMBLED WORD GAME

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.
LIDUF
ESHOU
POOPSE
SLAQLU
Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.
Answer here: YOU
Answers tomorrow

WEATHER

Table with columns for EUROPE, ASIA, AFRICA, LATIN AMERICA, NORTH AMERICA, MIDDLE EAST, and OCEANIA. Each column lists cities and their weather conditions.

MONDAY'S FORECAST — CHANNEL: Rough, FRANKFURT: Partly cloudy, Temp. 9-14, LONDON: Cloudy, Temp. 12-18, MADRID: Partly cloudy, Temp. 10-16, NEW YORK: Partly cloudy, Temp. 40-50, PARIS: Cloudy, Temp. 11-16, ROME: Partly cloudy, Temp. 44-50, TEL AVIV: Partly cloudy, Temp. 17-23, TOKYO: Partly cloudy, Temp. 50-56, WASHINGTON: Partly cloudy, Temp. 38-48.

PEANUTS



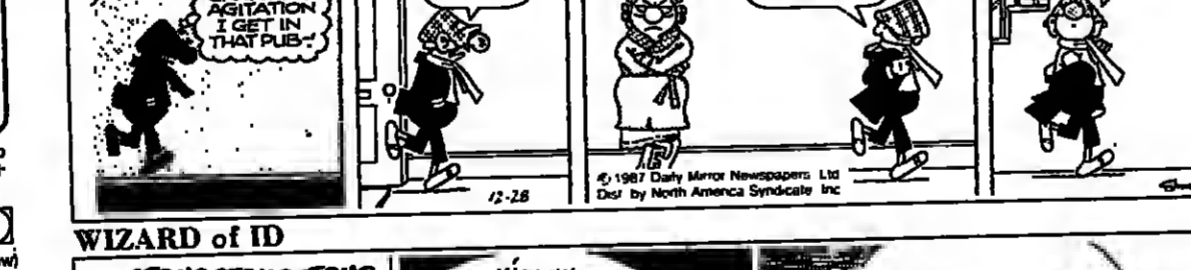
BLONDIE



BETLE BAILEY



ANDY CAPP



WIZARD of ID



REX BROWN



GARFIELD



CL. Okl... Game 1

KOREBOARD

Table with columns for Basketball, Football, and other sports results. Includes team names and scores.

SPORTS

UCLA, Oklahoma St. Bowl Game Winners

Compiled by Our Staff From Dispatches
NEW YORK — The sun shone on UCLA in Hawaii and Oklahoma State survived a white Christmas in Texas as the two ranked teams came up with college football bowl victories.



Barry Wilburn (45), returning an interception 100 yards for Washington's first touchdown.

Cowboys Beat Cardinals, 21-16, Giving Playoff Spot to Vikings

The Associated Press
IRVING, Texas — Herschel Walker scored two touchdowns and played the perfect decoy on Steve Feltner's game-winning 5-yard touchdown run on Sunday as the Dallas Cowboys killed the St. Louis Cardinals' playoff hopes with a 21-16 National Football League victory here.

Carr Hasn't Lost the Knack For Shattering Backboards

The Associated Press
PHILADELPHIA — Atlanta Hawk forward Antoine Carr was suspended from Friday night's National Basketball League game against the Philadelphia 76ers after he shattered a backboard attempting a slam dunk in pregame practice.

Syracuse Doubles Up in New Orleans

New York Times Service
NEW YORK — Syracuse University is sending two football teams to the Sugar Bowl.

SCOREBOARD

Table with columns for National Basketball Association Standings, Eastern Conference, and Western Conference.

Table with columns for Hockey NHL Standings, Wales Conference, and Campbell Conference.



Maxi Yacht Sovereign on Target to Break Sydney-Hobart Record

Having led the fleet out of Sydney Harbor (above) on Saturday, Sovereign, the world's biggest maxi yacht, neared the halfway mark of the 630-nautical mile Sydney-to-Hobart race Sunday on target for a course record.

Table with columns for U.S. College Results, SATURDAY'S RESULTS, and TOURNAMENTS.

Table with columns for Football NFL Standings, American Conference, and National Conference.

Baseball Owners Play Wait-and-Save Game

By Murray Chass
NEW YORK — Ever desirous of reducing player payrolls, baseball team owners seemed to have developed another element for their strategy a year ago when they played what might be called the "nontender" game.

Transition

ENGLISH FIRST DIVISION
Arsenal 4, Nottingham Forest 3
Chelsea 2, Portsmouth 1
Aston Villa 2, Tottenham 1

European Soccer

ENGLISH FIRST DIVISION
Arsenal 4, Nottingham Forest 3
Chelsea 2, Portsmouth 1
Aston Villa 2, Tottenham 1

Meditation, and a Tan, Without Pain

NEW YORK — Right here in the middle of what the artist Red Grooms called Nervous City is the Tranquility Center...



survival and not in personal growth and so it is suitable that the Tranquility Center has the drab and dingy air that is definitely part of this year's Manhattan look...

Frank Smiles of a Summit Night

WASHINGTON — The White House's cars were poised. As Ronald Reagan and Mikhail Gorbachev stepped into the rain to say farewell after a newsless summit...

"The important count is not how many votes there will be" for the treaty, said Senator Alan Cranston, Democrat of California...

MARY BLUME

the only person in the city with a big machine that takes up to 32 people at once. Group sessions cost \$10 a person and have been available at the Tranquility Center since last month.

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